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OPPORTUNITIES TO IMPROVE EFFICIENCY AND EFFECTIVENESS IN ADMINISTRATIVE SUPPORT SERVICES BY ENHANCING INTER-AGENCY COOPERATION

Prepared by

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EXECUTIVE SUMMARY

Opportunities to improve efficiency and effectiveness in administrative support services by enhancing inter-agency cooperation
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The policy context for this review includes: the direction given repeatedly by the General Assembly, especially in its two most recent resolutions on the quadrennial comprehensive policy review, 67/226 and 71/243, in pursuit of more cost-efficient support services, by reducing the duplication of functions and administrative and transaction costs through the consolidation of support services at the country level; and the requirement for integrated support across the United Nations system for the 2030 Agenda for Sustainable Development. Having examined, in 2016, the predominantly internal measures taken by United Nations system organizations to improve their administrative efficiency through the development of multifunctional shared services centres in low cost locations, the Joint Inspection Unit (JIU) undertook to examine the opportunities for efficiency gains by United Nations system organizations in working together.

The setting in which this report is presented has evolved significantly since its inception. The Secretary-General has made far-reaching proposals for the repositioning of the United Nations development system in support of the 2030 Agenda, the General Assembly has welcomed the measures envisaged, including a common back office and an ambitious common premises target. Within the framework of the United Nations Sustainable Development Group, the Business Innovations Group[1] has been tasked with moving this agenda forward.

The premise underpinning this review is that inter-agency cooperation needs to be purposeful. Cooperation, collaboration and joint action need to be considered in terms of demonstrable contributions to the efficient and effective implementation of programmatic mandates. Although the transaction costs of collaborative work are rarely calculated, they are relevant in deciding what to collaborate on and what form collaborative action should take.

Gaining administrative efficiency through inter-agency cooperation has been a preoccupation for decades. In 1977, the General Assembly spoke of the need for maximum uniformity of administrative arrangements in the operational activities for development, including the establishment of a common procurement system and a unified personnel system and a common recruitment and training system.[2] Since at least the forty-second session of the General Assembly, successive triennial and quadrennial policy reviews of operational activities for development have called for variants of this. The "Delivering as One" initiative drew heightened attention and stimulated deeper efforts, lessons from which inform this report.

The ambitious and comprehensive vision set out in resolutions 67/226 and 71/243 included measures within organizations to strengthen internal efficiency, common services in all administrative areas and at all levels by 2016 based on unified regulations, rules, policies and procedures, and country-level consolidation of support services.

The present review seeks to:

- Clarify what organizations consider is required by the 2030 Agenda in terms of more common and integrated administrative support service delivery;
- Estimate the scale of resources devoted to the delivery of administrative support services in general and at the country level;

[1] The Working Group on Business Operations supports country offices and management teams to promote harmonized business operations at the country level, which include areas of strategic planning, monitoring and evaluation, procurement, information and communications technology, human resources and logistics.

[2] See General Assembly resolution 32/197, annex, para. 32.

- Draw lessons that should inform future arrangements from current inter-agency administrative support cooperation at the country level, with particular focus on business operations strategies and the country-level integrated service centres;
- Assess the interplay between administrative support service arrangements at the country level and the global and regional levels;
- Assess opportunities to leverage established mandates and capacities in the United Nations system for administrative support delivery;
- Assess the opportunities offered by mutual recognition of each other's policies and procedures as a strategy for achieving efficiency;
- Examine governance, leadership and transparency requirements to drive efficient administrative support service delivery.

Main findings and conclusions

I. The complexity of the challenge of advancing common business operations should not be understated

It will not be easy to make a major leap in advancing common business operations. Achievement of this objective will depend heavily on an evidence base to demonstrate the benefits, sustained leadership for a long-term process and a willingness by organizations to yield some control. The complexity inherent in the different mix of large and small and resident and non-resident entities with varying degrees of internal capacity is compounded by operational requirements that vary significantly. Some organizations are heavily knowledge-based and oriented towards capacity-building, while others apply a humanitarian lens with specific operational requirements, timeliness and major supply chain dimensions, to which may be overlaid mandates concerning specific populations of concern. Different country contexts, especially humanitarian operations, have an important bearing on how organizations are required to operate. Differences among organizations in governance, stakeholders, electronic systems, rules and procedures, operational tempo and organizational culture form part of the complexity mix.

II. Inter-agency cooperation offers a significant efficiency opportunity

At this stage, it is simply not possible to know with accuracy what savings could be derived through more efficient business operations based on inter-agency cooperation. Three limitations stand out: the absence of comprehensive and comparable data among organizations on the resources devoted to these functions; the lack of baseline information on current levels of business operations efficiency; and the lack of clarity on whether there are operational requirements that may not be sufficiently met in a common service structure. However, analysis of the data available demonstrates that the financial and human resources devoted to these functions are substantial and that the opportunity for efficiency gains is significant — worth the trouble to analyse and harvest.

It would be a mistake to view the opportunities for efficiency gains solely through the prism of anticipated financial savings. In a recent JIU report on service centres in the United Nations system, the Inspector found that organizations also sought improved service quality, specialization, better risk management and enhancement of mission focus.[3] The Secretary-General's concept of common business operations also emphasizes enhanced quality of services, enabling a sharper focus on mandates and programmatic functions.[4] The current opportunity needs to be understood to include operationalizing such qualitative objectives. It is integral to the redesign of business operations based on common inter-agency arrangements because it justifies participation. A consistent finding in interviews for this review is that organizations are most willing to collaborate if the product is better. In virtually no instance was "cheaper" the only component of "better". These objectives need to be supported by objective performance measurement and transparent reporting.

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[3] JIU/REP/2016/11.

[4] See A/72/684-E/2018/7, para. 46.

In terms of resources, approximately $4.3 billion (13.4 per cent of total expenditure) and 30,698 personnel (20.2 per cent of all personnel) are devoted to administrative support functions. Just under half of the spending and almost two thirds of the related staff are at country level. The Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the World Food Programme (WFP) together account for 79 per cent of the country-level spending and 74 per cent of the personnel. Using three different methods to estimate possible efficiency gains indicates a range of between 15 and 25 per cent, or between $300 and 500 million. This is a range, not a forecast. There are too many variables at play to draw a straight line between an estimation of a range of opportunity and a harvestable result. While efficiency gains can be significant, their realization will require sustained effort, time and investment, many might be one-off, not cashable or transferable to other activities.

The review also finds there is significant scope for delivering a wide range of functions through shared services, and that a range of functions delivered locally are not location dependent and could be provided at a global or regional level. Although outsourcing to commercial providers is uncommon, there is scope to consider it as part of an overall toolkit.

III. Lack of comparable data is a problem

Filling the data gaps is essential for ongoing, evidence-based reform of business operations and supporting transparency and accountability. Reporting by some organizations of the share of resources devoted to management and administration, programme support and programme activities is not a proxy for administrative efficiency. Similarly, data to support analysis of the quality of services and the value clients derive are needed to monitor performance and drive further change. These elements would also help to raise the profile of administrative efficiency as an organizational priority (recommendations 1 and 2).

IV. The overall level of accomplishment has been modest

Hindsight reveals that, notwithstanding the repeated legislative requests, the broader trajectory has been toward the development of separate administrative support frameworks and operations by organizations that considered that they had the scale to do so. The 2030 Agenda offers a fresh context in which to tackle long vexing problems.

V. Limited progress at the country level

The constraints imposed by different policies, procedures and systems at the country level, the lack of direction and support from headquarters and the high transaction costs of constructing at the local level solutions to essentially corporate impediments to common business operations are the common denominators of the country-level experience.

The onus for common business operations has been placed excessively at the country level. One cannot reform from the bottom up; country-level service is the product of an interconnected structure and cannot be dealt with at the country level in isolation from headquarters and vertical structures.

Horizontal integration at the country level has not been supported by corporate policy changes to create the necessary conditions. This point has long been understood. As the Secretary-General reported, the existence of agency-specific regulations and rules, different enterprise resource planning systems and the predominance of vertical accountability over horizontal accountability at the country level have slowed progress.[5]

Common business operations are limited. The vast majority of United Nations country teams still manage their business operations function through agency-owned departments, and the overwhelming majority of

[5] See A/67/320-E/2012/89, para. 40

operations management teams perceive differences in policies and procedures, as well as in rules and regulations, as the two top obstacles to common business operations.

There are also few evident incentives for inter-agency cooperation at the country level. If anything, incentives are in the contrary direction: administrative savings tend not to be available for local redeployment; the grading of operations manager positions is partly a function of the size of the team supervised and resources managed; and concerns about the tenure and future employment of locally engaged staff have an important bearing on what changes can be contemplated.

Business operations strategies produce insufficient results

The then United Nations Development Group, working through the predecessor to the current Business Innovations Group, introduced the Business Operations Strategy in 2012. Participation is voluntary. It was to be a vehicle for the strategic planning of business operations in conjunction with a programme through the United Nations Development Assistance Framework, but to a large extent this has not materialized. The common service areas envisaged are procurement, finance, information, information and communications technology, logistics, human resources and facility services.

Despite some positive attributes, the current approach of the Business Operations Strategy has not produced the desired results. It lacks ambition in not seeking consolidated service provision, is based on a business case methodology that estimates savings that are not in fact available for alternate use, and generates modest levels of real savings that may not be commensurate with the burdensome level of effort involved. These savings are highly concentrated on certain forms of procurement cooperation and facility services, forms of cooperation that long predate the Business Operations Strategy. It has not been supported sufficiently by organizations, the headquarters of which have left it largely to local representatives to determine how to participate. Voluntary participation reduces the ability to plan service requirements.

Country-level integrated service centres are limited in scope

Hanoi, Brasilia and Copenhagen are sometimes referred to as integrated country-level service centres, with interest shown in them by the Secretary-General and inter-agency coordination mechanisms as possible examples for broader application. The Joint Office in Cabo Verde is also an integrated structure. The review finds that none of the country-level integrated service centres offer a ready template for the consolidation of common business operations at the country level, with the exception of Cabo Verde for United Nations country teams with small programme volumes. Hanoi and Copenhagen are limited to common premises and related services, and Brasilia is in different ways also narrow in scope and participation. Attention is drawn to, inter alia:

- The challenges to country-level integration caused by organization-specific internal control frameworks;
- The difficulty in sustaining headquarters and policy support after launch;
- The barriers imposed by differences in rules and procedures;
- The need for clarity on the legal personality a service provider requires and the authority to whom the service provider is accountable;
- The phenomenon of treating common service personnel as institutional orphans.

The key challenges in gaining efficiencies from common business operations at the country level include: differences in rules and procedures; a mismatch between country-level objectives and corporate support; strategies such as the Business Operations Strategy demand a lot of time without a clear pay-off; and the different interests and capacities within United Nations country teams. Recommendations made in this review concerning the country-level, which are not mutually exclusive, aim to: address the circumstances of small country teams; overcome bureaucratic barriers; drive development of an integrated model through a few lead actors that represent 79 per cent of the related spending and staffing at the country level; and refocus the broader work of country teams on business operations on fewer and productive areas, as explained below.

Build on the Joint Office model in Cabo Verde

The joint office model, established in Cabo Verde, should be of wider interest. The relevance is beyond efficiency in business operations, because United Nations country teams with small programme volumes are challenged by resource availability to support programmes. Curtailing the cost of international representation can free up more resources for programmatic work than more efficient business operations alone (recommendation 3).

Overcome bureaucratic barriers

Since differences in rules and procedures among organizations are ongoing impediments at the country level, it would help to find a way to work with a single set of rules without spending years of bureaucratic effort to harmonize them first. This should command attention in the ongoing work of the Business Innovations Group set up by the United Nations Sustainable Development Group. Arrangements such as a hosting model under which a single agency provides hosting services for the others should be tested. This could provide for separate representation and should draw on the hosting experience of United Nations entities such as the World Health Organization (WHO) and the United Nations Office for Project Services (UNOPS) (recommendation 4).

Do not try to move the whole United Nations system at the same pace

The country-level experience reveals it is not possible to bring the whole United Nations system forward at the same time. A two-tier approach would be more effective. A small group comprised of UNDP, UNICEF, UNHCR, the United Nations Population Fund (UNFPA) and WFP, which represent over 79 per cent of the administrative support spending and 74 per cent of personnel outside of peace operations, should be tasked to formulate a consolidated arrangement. This core group is not to the exclusion of other agencies willing to participate. The common business operations work carried out by the United Nations country team as a whole should be refocused on a limited set of productive common operations, such as common premises, facilities services and common procurement (recommendations 5 and 6)

VI. Mutual recognition is immature

The idea of mutual recognition by United Nations system entities of each other's processes has gained currency as a strategy to enhance efficiency and programme delivery through inter-agency cooperation. By far, the greatest application is in the area of procurement, but it has not led to unified country-level procurement structures. Its application at the country level in support areas other than procurement is not evident. Beyond the very practical utility of mutual recognition at the level of individual transactions, it is necessary to define whether and how mutual recognition can provide a path to the greater consolidation of country-level business operations. Assurance requirements will need to be taken into account when operationalizing mutual recognition (recommendation 7).

VII. Explore a wider range of services

It would be too limited an approach for attention on common back-office functions to focus disproportionately on transactional tasks, as these represent a limited share of the overall spend and have historically encountered barriers. Opportunities in a broader set of operational services can also generate meaningful efficiencies.

In the present report, attention is drawn to three areas: procurement; fleet management; and asset disposal. As regards procurement, the data in the 2017 annual statistical report on procurement do not indicate significant pooling of acquisition or consistently broad use of available long-term agreements. Given that United Nations agencies, funds and programmes operate more than 20,000 light vehicles at a cost (including depreciation) of approximately $300 million annually, the experience of UNHCR and WFP in operating centrally supported vehicle leasing schemes could be assessed with a view to them proving

services to other organizations. The expertise that UNHCR has developed in centrally supported auctions to maximize asset disposal revenue may also be of wider interest.

VIII. A default service provider at country level should be considered, expectations of the United Nations Development Programme and the United Nations Office for Project Services clarified, and performance measurement and reporting emphasized

Caution is advised against the excessive fragmentation that would result from a bottom-up assessment of agency-specific comparative advantage in each country. The notion of carrying out approximately 120 country-level analyses — service line by service line, agency by agency and negotiating terms and conditions — is a daunting bureaucratic prospect, which would result in excessive complexity and operational fragmentation. A principal service provider for country-level services should be considered.

In terms of participation in service provision, both the General Assembly and the Secretary-General have made clear they envisage a particular role for UNDP. Drawing on interviews with clients and UNDP personnel alike, and very recent reports by the UNDP Independent Evaluation Office and the Internal Audit Office, the present report draws attention to the historical place of UNDP as the connective tissue of the United Nations development system, and also to the challenges UNDP needs to address in improving service provision. Addressing them will require a change in culture, determined leadership and strong Executive Board support.

As the Secretary-General was silent on the contribution expected of UNOPS, the expectation is expressed in this review that, as an entity established solely to be a service provider, UNOPS should be as fully engaged and drawn upon as is consistent with its capacities. The Secretary-General is urged to work with the Executive Director of UNOPS to ensure that the competencies of the Office are fully considered in the formulation of administrative support service arrangements and that its capacity to provide services is fully taken into account (recommendation 8). The Administrator of UNDP and the Executive Director of UNOPS should also consider cooperative arrangements, as justified by their respective strengths.

Performance monitoring and reporting is critical in an inter-agency shared environment, especially when that represents a change from past practice. Organizations have emphasized that what they look for in United Nations-system service providers is quality, responsiveness, equal treatment and transparency in costing.

Attention is drawn to: the need for adequate tools and systems that collect data as part of ongoing operations, rather than rely on tools such as tables constructed by individual units, and that enable business analytics to drive future improvements; the value of service level agreements; for key performance indicators to be few in number and easy to understand; and the importance of the visibility of the cost of services.

IX. Enabling inter-agency mechanisms need attention

Inter-agency mechanisms are important because they clarify the enabling regulatory and administrative frameworks for common business operations and develop tools and platforms for common benefit. Much of the work of the High-level Committee on Management on common business operations has drawn on a trust fund that had mobilized about $10 million, but is now exhausted. The then Development Operations Coordination Office also had access to a "Delivering as One" fund. Given the exhaustion of resources mobilized in a different context, assessment of how best to provide for the future nurturing of initiatives would be timely.

While the work through the networks of the High-level Committee on Management have often generated valuable results, barriers to common business operations persist, even in areas long focused on by the networks. The uptake at the country level of what the High-level Committee on Management has agreed upon is uneven. Important opportunities to consolidate business operations, even some conceived within the High-level Committee on Management, have not been pursued. While the focus on functional areas has positive attributes, this may inhibit consideration of consolidating structures and of the cross-functional lens required for an end-to-end view of many business operations. Therefore, a review is

recommended of the inter-agency mechanisms to support cooperation on common business operations to ensure that they provide for the articulation between global and country-level measures, clear priority setting and methods of work that are conducive to results (recommendation 9).

X. Other considerations for the road ahead

It will not be easy to make a major leap in advancing common business operations. The level of ambition and the level of commitment and effort need to be aligned. In a long-term and complex process, it would be illusory to imagine a progressive cascade of efficiency gains and savings because concomitant investment in capacity, technology, systems and change management will also be required. As work proceeds, country-level support of non-resident agencies needs to be factored into the design. The envisaged re-configuration of United Nations country teams is likely to make this even more important.

It is worth emphasizing once again that a singular focus on the country level has not worked since business operations need to be treated as components of an integrated structure. It would therefore be a mistake to continue to focus efforts on common business operations at the country level; it is necessary to frame a global strategy in which country-level "back offices" are to be situated. The country and global-level opportunities need to be viewed in conjunction with each other.

Until now, virtually no analysis to chart a path forward has been done on shared services among organizations at the global level. The United Nations Sustainable Development Group and its Business Innovation Group should try to develop a shared understanding of what functions need to be carried out locally and of options for the effective delivery of other functions. Business models that emphasize decentralization need not prevent objective consideration of the location dependence of support functions. Devolution of programmatic decision-making no longer requires fully parallel administrative devolution.

Attention will also need to be paid to setting the right incentive framework. Such incentives are not in evidence. Cooperation on business operations should not be an add-on to the regular portfolio of operational managers. It should form part of performance assessment and accordingly recognized for its delivery and failures.

Six United Nations system organizations have developed shared services centres that could offer services for other entities, and could move toward consolidation over time. The Secretary-General intends to explore the possible consolidation of location-independent services into six or seven networks of shared services centres. Hitherto, there has been no mechanism for carrying this work forward. A variety of configurations can be envisaged, depending on business cases, the scope of the services defined, and appetite and capacity for change. A practical way forward would be to draw the right organizations together in a shared services board or forum to develop the business case for and operational design of global shared services, with options related to scope and complexity. It should make recommendations on the integration of emerging technologies into service arrangements and only engage service clients as well as providers. The Inspector emphasizes the importance of carrying out the analysis and design of shared service arrangements, not the specific mechanism for doing so (recommendation 10).

Recommendations

Recommendation 1

Executive heads, in coordination with the Chair of the United Nations Sustainable Development Group and with a view to a coherent system-wide approach, should, by the end of 2020, enhance existing systems or implement new ones to accurately identify resources devoted to administrative support services, irrespective of funding source or cost classification, and set out how efficiency should be defined and assessed.

Recommendation 2

The legislative bodies should request executive heads to develop performance indicators and targets to drive improvements in the delivery of administrative support services, and to post performance publicly.

Recommendation 5
The General Assembly should, at its seventy-third session, request the executive heads of the United Nations funds and programmes and invite executive heads of other field-based organizations to test the Joint Office model more widely, taking account of the previous target of 20 countries and drawing on lessons learned from the Cabo Verde experience.

Recommendation 4
In order to overcome the bureaucratic barriers, the Secretary-General, in consultation with the Chair of the United Nations Sustainable Development Group, should initiate, by the end of 2020, the testing of a model under which a single agency provides hosting services for the others.

Recommendation 5
The Secretary-General should designate, by September 2019, a limited group of executive heads, which would include those of UNDP, UNFPA, UNHCR, UNICEF and WFP, to formulate a proposal for consolidated country-level administrative support arrangements, in accordance with the provisions of General Assembly resolution 72/279.

Recommendation 6
The United Nations Sustainable Development Group should refocus the common business operations of United Nations country teams on a more limited agenda, such as common premises, facility services and procurement. All country teams should be required, by the end of 2020, to put forward a business case on common premises. They should also be required to establish joint long-term agreements and service contracts by the end of 2020.

Recommendation 7
The Secretary-General, in conjunction with other executive heads of entities with field-based programmes, should, by the end of 2020, develop a specific proposal that defines how to apply mutual recognition as a vehicle for capacity consolidation, so as to reduce redundancy and rationalize physical presence.

Recommendation 8
The Secretary-General should work with the Executive Director of UNOPS to ensure that the capacities of the Office to provide services are also fully considered in the formulation of administrative support service arrangements.

Recommendation 9
The Secretary-General, in consultation with the United Nations System Chief Executives Board for Coordination and the United Nations Sustainable Development Group, should review the inter-agency mechanisms to support cooperation on common business operations to ensure that they provide for the articulation between global and country-level measures, clear priority setting and methods of work conducive to results. The findings and measures taken should be reported to the Economic and Social Council at its 2020 session and to the General Assembly at its seventy-fourth session.

Recommendation 10
The Secretary-General and the executive heads of organizations that operate global, multifunctional shared services centres or envisage one (FAO, the Secretariat, UNDP, UNHCR, UNICEF, UNOPS and WHO) and of WFP, as well as other executive heads willing to participate, should, by the end of 2019, constitute a shared services board to develop the business case for and operational design of global shared services.

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ACRONYMS

CEB	United Nations System Chief Executives Board for Coordination
FAO	Food and Agriculture Organization of the United Nations
ICAO	International Civil Aviation Organization
ICT	information and communications technology
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IOM	International Organization for Migration
JIU	Joint Inspection Unit
PAHO	Pan American Health Organization
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNWTO	World Tourism Organization
WFP	World Food Programme
WHO	World Health Organization

I. INTRODUCTION

1. Having examined in 2016 the largely internal measures taken by United Nations system organizations to improve their administrative efficiency through the development of multifunctional shared services centres in low cost locations,[6] the Joint Inspection Unit (JIU) undertook to examine the opportunities for efficiency gains by such organizations working together. The policy context is the repeated direction from the General Assembly, especially in its two most recent resolutions on the quadrennial comprehensive policy review, 67/226 and 71/243, to pursue more cost-efficient support services, by reducing duplication of functions and administrative and transaction costs through the consolidation of support services at the country level, and the requirement for integrated United Nations system support for the 2030 Agenda for Sustainable Development.

2. The scope of services covered under the heading "administrative support services" is the same as that by "business operations", which has been employed in recent reports of the Secretary-General. The relevant service lines described by the United Nations Development Group are human resources, finance, procurement, logistics, information and communications technology (ICT) and facility services. The terms are used interchangeably.

3. The premise underpinning the present review is that inter-agency cooperation in the administrative support area needs to be purposeful. Cooperation, collaboration or joint action need to be considered in terms of a demonstrable contribution to the efficient and effective implementation of programmatic mandates. The transaction costs of collaborative work are rarely calculated, but are also relevant in deciding what to collaborate on and what form collaborative action should take. Typically, initiatives should be supported by defined business cases and post-implementation reviews.

4. The complexity of the institutional framework for collective action on business operations should not be understated. United Nations entities have their own administrative support apparatuses. Large ones tend to carry out most of their own business operations, for which some large organizations have developed shared services centres to carry out primarily transactional services. Smaller or mid-size organizations draw more heavily on services from others, such as the United Nations Development Programme (UNDP). At the country level, resident entities with a substantial presence largely provide for their own requirements, while smaller presences try to leverage the support capacity of UNDP or others. Non-resident agencies active in a country apply a mix of arrangements that vary by agency and country, sometimes having project personnel draw on support from regional structures, and sometimes drawing on resident service providers, most often on UNDP, for a range of services.

5. Operational requirements vary significantly among organizations, with some programmes being heavily knowledge-based and capacity-building oriented, while others apply a humanitarian lens with specific operational requirements, timeliness and major supply chain dimensions, to which may be overlaid mandates concerning specific populations of concern. Differences among organizations in governance, stakeholders, electronic systems, rules and procedures, operational tempo and organizational culture add to the complexity.

6. The context in which the present review is presented has evolved significantly since its inception. Responding to General Assembly resolution 71/243, the Secretary-General has made far-reaching proposals for repositioning the United Nations development system in support of the 2030 Agenda. He stated that redundant and inefficient business processes need to be addressed and suggested that common operational services/back-office functions should become the default option for United Nations country teams.[7] The General Assembly welcomed the measures envisaged by the Secretary-General, including a common back office and an ambitious common premises target.[8] The present report endeavours to offer

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[6] JIU/REP/2016/11.

[7] A/72/124–E/2018/3.

[8] See General Assembly resolution 72/279, para. 6.

an independent perspective on the opportunities for efficiency gains and the measures required to realize them, drawing on past experience and on analysis of information gathered during the course of the review.

7. Gaining administrative efficiency through inter-agency cooperation has been a preoccupation for decades. The recent encouragement of the General Assembly for a common back office and premises has distant and recurring antecedents. In its landmark restructuring in 1977 of the economic and social sectors of the United Nations system, the General Assembly spoke of the need for maximum uniformity of administrative arrangements in the operational activities for development, including the establishment of a common procurement system, a unified personnel system and a common recruitment and training system.[9] Since at least the forty-second session of the General Assembly, successive triennial and quadrennial policy reviews of operational activities for development have called in various ways for: simplification, rationalization and harmonization of rules and procedures in order to reduce transaction costs, realize efficiencies and reduce burdens on host authorities; the enhancement of common premises; the strengthening of common services and the consolidation of administrative infrastructure; and, during one triennial cycle, the implementation of a joint office model.

8. An ambitious and comprehensive vision was set out in General Assembly resolution 67/226 on the quadrennial comprehensive policy review. In it, the Assembly called for:

- The development of a common understanding of what operational costs actually were;
- Measures by organizations to strengthen internal efficiency;
- Common services in all administrative services at all levels by 2016 based on unified regulations, rules, policies and procedures;
- Country-level consolidation of support services, through a lead agency, a common United Nations service centre or outsourcing arrangements;
- Interoperability of enterprise resources planning systems, as an enabler of common service policies.

9. **As the United Nations system charts a path forward, drawing on lessons from past efforts, it should draw inspiration from the sheer scope of what the General Assembly had then envisaged and the integrated approach it mandated. Its overarching themes of transparent projection of administrative costs irrespective of funding source, internal efficiency as an enabler of cooperative efficiency measures, and the integrated provision of what is common among organizations, even where programmatic mandates diverge, remain resonant today. While the operational activities for development is a critical framework, a comprehensive approach would take account of the relevant requirements and capacities of humanitarian, peace operations and other United Nations Secretariat presences.**

10. The frequently requested enhancement of inter-agency cooperation for efficiency has been pursued at both the global and country levels through a variety of initiatives and processes over time. At the global level, a principle track has been through the High-level Committee on Management and its functional networks. Among other things, the Committee's mechanisms have worked on harmonization and simplification of policies and procedures in a range of thematic areas, and developed common platforms, and guidance and tools aimed at facilitating country-level collaboration. Another important pathway is, of course, the provision of services by some entities on behalf of others, such as those provided by UNDP.

11. The country level has been the particular focus over time, marked by intermittent encouragement of common premises and related common services, the more integrated service delivery approach envisaged in the Operating as One strand of "Delivering as One", and the current attention to business operations strategies as a pathway to country-level common business operations. These efforts have been supported by mechanisms of the United Nations Development Group to make corporate solutions developed through

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[9] See General Assembly resolution 32/197, annex, para. 32.

the High-level Committee on Management accessible to the country level, and to provide supplementary guidance, tools and monitoring and reporting frameworks.

12. Hindsight reveals that, notwithstanding the repeated legislative requests and many inter-agency initiatives at corporate and country levels, the broader trajectory has been towards the development of separate administrative support frameworks and operations by organizations that considered that they had the scale to do so. This is reflected in the implementation of separate enterprise resource planning systems, distinct charts of accounts, variations in rules and procedures for analogous administrative processes, different technical standards for information technology and related systems, and internal control frameworks that in many respects treat United Nations partners as external risks similar to other third-party actors. Collaboration has been at points where the different business models had a shared interest, rather than being aimed at a more unified business model for those business operations common to all.

13. That is not to say that the opportunity had not been recognized, however faintly. In a forward-looking proposal, the High-level Committee on Management proposed to study the feasibility of inter-agency shared services centres, which it considered could be a major driver of efficiency compared with individual agency-based services. It was also considered a potential driver for greater harmonization of business practices and as a possible basis for inter-agency administrative service provision in general.[10] This proposal was not carried forward and a number of organizations subsequently went on to develop their own organization-specific service arrangements. According to the Secretariat of the United Nations System Chief Executives Board for Coordination (CEB), in 2007 the plan of action on harmonization of business practices was the first and only structured initiative towards harmonization and consolidation of operational functions, and the High-level Committee on Management chose to start with more targeted, narrowly defined projects. The time then did not seem ripe for a broader initiative such as an all-encompassing assessment of inter-agency shared services centres.

14. Despite significant efforts to draw country-level administrative support threads together, these horizontal efforts have not been mirrored by analogous measures at headquarters to create the policy conditions required for country-level integration. The 2030 Agenda offers a fresh context in which to tackle these long vexing problems.

A. Scope and objectives

15. Against the backdrop of the requirements for horizontal cooperation and the repositioning of how the United Nations system maximizes the impact of its support to national efforts, the objectives of the present review are to assess the opportunities offered by inter-agency collaboration to enhance the efficiency of administrative support services and to recommend measures aimed at realizing them. More specifically, the review seeks to:

- Clarify what organizations consider is required by the 2030 Agenda in terms of more common and integrated administrative support service delivery;
- Estimate the scale of resources devoted to the delivery of administrative support services in general and at the country level;
- Draw lessons that should inform future arrangements from current inter-agency administrative support cooperation at the country level, with a particular focus on business operations strategies and the country-level integrated service centres;
- Assess the interplay between administrative support service arrangements at the country level and the global and regional levels;
- Assess opportunities to leverage established mandates and capacities in the United Nations system for administrative support delivery;
- Assess the opportunities offered by mutual recognition of each other's policies and procedures as a strategy for achieving efficiency;

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[10] See CEB/2007/HLCM/16, para. 36.

- Examine governance, leadership and transparency requirements to drive efficient administrative support service delivery.

16. The review suggests methods of identifying functions that could be carried out in shared environments, both globally and locally, as well as determining services that require country-level delivery and what could be shifted to the global or regional service levels. It also considers options for overcoming barriers — whether real or perceived — that have inhibited cooperation to gain efficiencies.

B. Methodology

17. In accordance with JIU internal standards, guidelines and working procedures, the methodology followed in preparing this report included a review of publicly available United Nations system and other documents and reports, decisions of legislative bodies, previous JIU reports, reports of other oversight bodies and independent evaluations, and guidance on common business operations provided by the United Nations Development Group and the High-level Committee on Management. Preliminary interviews of stakeholders were conducted prior to the commencement of the detailed information gathering phase. A desk review of relevant documents and the issues identified therein was followed by a data collection phase, including qualitative and quantitative data.

18. Three questionnaires were sent to different audiences: a corporate questionnaire was sent to 28 participating organizations, which elicited 19 responses, including those with field operations; a questionnaire was sent to the 34 United Nations country teams that the United Nations Sustainable Development Group Office had advised in early 2018 as having established business operations strategies (23 responses were received); and a questionnaire was sent to the secretariat of CEB and to the United Nations Sustainable Development Group Office as the secretariat of the United Nations Sustainable Development Group. The review also drew on the global survey of operations management teams conducted by the Department of Economic and Social Affairs, and published in February 2018, as part of established processes for monitoring the implementation of General Assembly resolutions on the quadrennial policy review of operational activities for development.

19. In the absence of comparable data among organizations for the estimation of the resources devoted to administrative support functions and of the scale of efficiency opportunities, data gathered by the Secretary-General was drawn upon. The Secretary-General had retained expertise to collect relevant data, consequent to the adoption of resolution 71/243, first to report on the functions and capacities in the United Nations development system to support the 2030 Agenda and, as a second step, to make more detailed proposals on business operations as part of the repositioning of the United Nations development system. The Inspector requested, and the Office of the Secretary-General allowed, that the JIU have access to this data. With the assistance of a consultant, that data was updated and validated with JIU participating organizations that had responded and was supplemented by data received from two organizations that had not responded to the initial request, bringing the total to 13.[11] For organizations that did not respond, estimates from the functions and capacity review were applied.

20. Drawing on responses to the questionnaires, the Inspector conducted 208 interviews with officials of the participating organizations and also sought the views of inter-agency mechanisms: CEB/High-level Committee on Management, the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the Joint United Nations Programme on HIV/AIDS (UNAIDS), the Office of the United Nations High Commissioner for Refugees (UNHCR), UNDP, the United Nations Children's Fund (UNICEF), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), the United Nations Office for Project Services (UNOPS), the United Nations Population Fund (UNFPA), the United Nations Secretariat, United Nations Sustainable Development Group Office, the World Food Programme (WFP), the World Health Organization (WHO), and the conveners of the thematic task teams established by the Business Innovations Group of the United Nations Development Group.

[11] FAO, ILO, UNDP, UNEP, UNESCO, UNFPA, UNHCR, UNICEF, UNIDO, UNOPS, UN-Women, WFP and WHO.

Missions were carried out to headquarters offices, some United Nations country teams, and country-level integrated service centres in Bangkok, Brasilia, Copenhagen, Hanoi, Kigali, Mbabane, New York, Paris, Praia, Pretoria and Rome. The Inspector also interviewed experts on private sector shared services.

21. Comments from participating organizations on the draft report have been sought and taken into account in its finalization. In accordance with article 11 (2) of the JIU statute, the report has been finalized after consultation among the Inspectors so as to test its conclusions and recommendations against the collective wisdom of the Unit.

22. The report contains 10 recommendations, of which 8 are addressed to the executive heads of United Nations system organizations and 2 to legislative bodies. To facilitate the handling of the report and the implementation of its recommendations and the monitoring thereof, annex 2 contains a table identifying those recommendations relevant for each organization, and specifying whether they are directed to the legislative or governing body or the organization's executive head.

23. The Inspector expresses his appreciation to all those who assisted in the preparation of the report, and particularly to those who participated in the interviews, responded to questionnaires and so willingly shared their knowledge and expertise. He also acknowledges with appreciation financial support for the review provided by the Government of Switzerland and UNICEF.

C. The context of the 2030 Agenda

24. To help frame the present review in the appropriate policy context, all participating organizations were asked how inter-agency cooperation in the provision of administrative support services could contribute to the more integrated programme delivery required by 2030 Agenda. The response drew out three main elements: the opportunity to realize efficiencies and savings that could release resources for programmatic functions; a few organizations drew attention to the stronger linkage between service delivery and policy support and the strengthening of specialized capacities that could be leveraged by others; and some organizations drew attention to limitations on integrated service delivery resulting from different structural, governance and regulatory settings.

25. Attention to the business operations aspect in the context of the 2030 Agenda has been sharpened by the reports of the Secretary-General on the repositioning of the United Nations development system[12] and the adoption of General Assembly resolution 72/279. The development of a new generation of country teams, a revised approach to determining country presence, and re-examination of the role, capacity and resourcing of multi-country offices all require appropriate administrative and support underpinnings.

26. In virtually every visit and interview the Inspector carried out with United Nations country teams, there was an acute awareness of the 2030 Agenda and its context, together with a recognition of the expectation to engage in cooperative efforts on administrative support functions.

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[12] A/72/124-E/2018/3. and A/72/684-E/2018/7.

II. SCALE OF OPPORTUNITY FOR EFFICIENCY GAINS THROUGH INTER-AGENCY COOPERATION

27. In examining the opportunities for efficiency gains through inter-agency cooperation, the Inspector thought it useful to present information on the resources devoted to administrative support functions and on the potential scale of benefits that could be derived. This would clarify the significance of the opportunity and the priority that it could represent. However, it would be a mistake to view the opportunities for efficiency gains that inter-agency cooperation can offer solely through the prism of anticipated financial savings. In a recent report on the development of service centres in the United Nations system, JIU found that, in conceiving and proposing these initiatives, organizations articulated a range of qualitative objectives, including improved service quality, specialization, better risk management and enhanced mission focus, even if legislative bodies appeared to devote most attention to financial savings.[13] The Secretary-General's concept of common business operations also emphasizes enhanced quality of services, client satisfaction, compliance with risk management and controls and, most crucially, that this would allow United Nations entities to focus on their mandates and programmatic functions.[14] The current opportunity needs to be understood to include operationalizing such qualitative objectives.

28. A qualitative emphasis needs to be integral to the redesign of business operations based on common inter-agency arrangements because it justifies participation. Reform in business operations that appears to generate savings by reducing capacity in the field by transferring the burden to programme personnel is not supportable. A consistent finding in interviews for this review is that organizations are most willing to collaborate if the product is better. In virtually no case was cheaper the only component of "better". Achievements of these objectives need to be supported by objective performance measurement and transparent reporting. Suggestions on performance monitoring and reporting are contained in chapter VII.

29. The financial dimensions of the efficiency opportunity are of course also critical. At this stage, it is simply not possible to know with accuracy what savings could be derived through more efficient business operations based on inter-agency cooperation. Three limitations stand out: the absence of comprehensive and comparable data among organizations on the resources devoted to these functions; the lack of baseline information on current levels of business operations efficiency; and the lack of clarity on whether there are operational requirements that may not be sufficiently met in a common service structure. The data that are available demonstrate that the financial and human resources devoted to administrative support functions are substantial, and the opportunity for an efficiency gain is significant — worth the trouble to analyse and harvest.

30. Organizations do not have a common definition of administrative support functions, and have different ways of classifying resources devoted to those functions and of connecting job titles to the functions being carried out. This compounds the challenge of an informed horizontal view. Since, for the purposes of this report, a sense of scale rather than granular detail was required, the approach taken was to try to draw on data generated by the Secretary-General consequent to the adoption of resolution 71/243.

31. The Office of the Secretary-General allowed JIU to have access to this data. With specialized assistance, JIU adapted it by adding information submitted by organizations that had not responded to the Secretary-General's survey, validating the data with organizations and adjusting the functions covered to reach a balanced approach. Illustrative figures used in this report indicate the source of data.

32. It should be emphasized that the surveys utilized were carried out over a short time period and organizations have different views on the right mix of functions that should be represented and the accuracy for policymaking of what had been compiled. This report draws on that data to shed light on the scale of resources involved and of the efficiency opportunity. **There are too many variables at play to draw a straight line between an estimation of a range of opportunity and a harvestable result. Defining this more precisely should be an important part of ongoing planning work**. Given the data

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[13] JIU/REP/2016/11.

[14] See A/72/684-E/2018/7, para. 46.

limitations, the report presents aggregate rather than organization-specific information and does not use the data to draw conclusions on the efficiency of any specific organization.

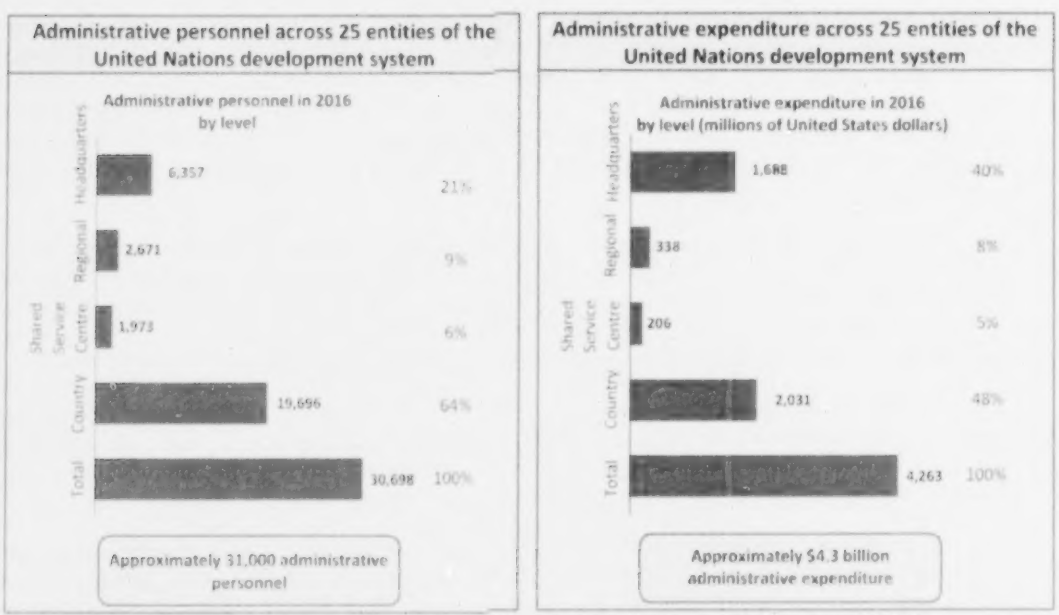
A. Resources devoted to administrative support services

33. Based on 2016 data collected from 23 organizations, approximately $4.3 billion (13.4 per cent of total expenditure) and 30,698 personnel (20.2 per cent of total personnel) are devoted to administrative support functions (see table 1 and figure I). Just under half of the overall spending is at the country level, while almost two thirds of the administrative personnel are also at the country level. UNDP, UNFPA, UNHCR, UNICEF, and WFP together account for 79 per cent of the country-level spending and 74 per cent of the personnel.

Table 1

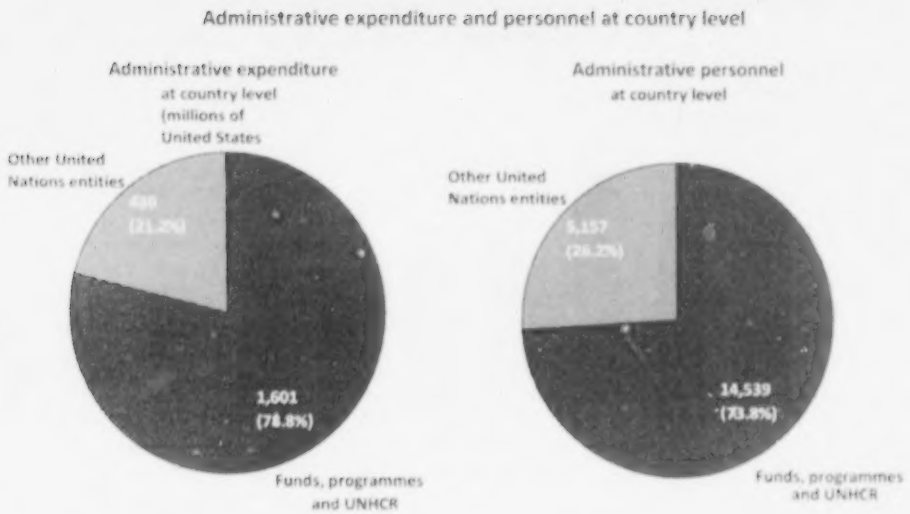
	Expenditure (millions of United States dollars)	Personnel
Total expenditure	31,684	151,960
Administrative support functions	4,263	30,698
Administrative as a share of the total (percentage)	**13.4**	**20.2**

Figure I



Source: Table 1 and figure I are based on data provided to the Secretary-General in the context of the preparation of his reports on the repositioning of the United Nations development system.

Note: Percentages may not add up to 100 owing to rounding.


Administrative expenditure and personnel at country level
Administrative expenditure at country level (millions of United States
Other United Nations entities
498 (21.2%)
1,601 (78.8%)
Funds, programmes and UNHCR
Administrative personnel at country level
Other United Nations entities
5,157 (26.2%)
14,539 (73.8%)
Funds, programmes and UNHCR

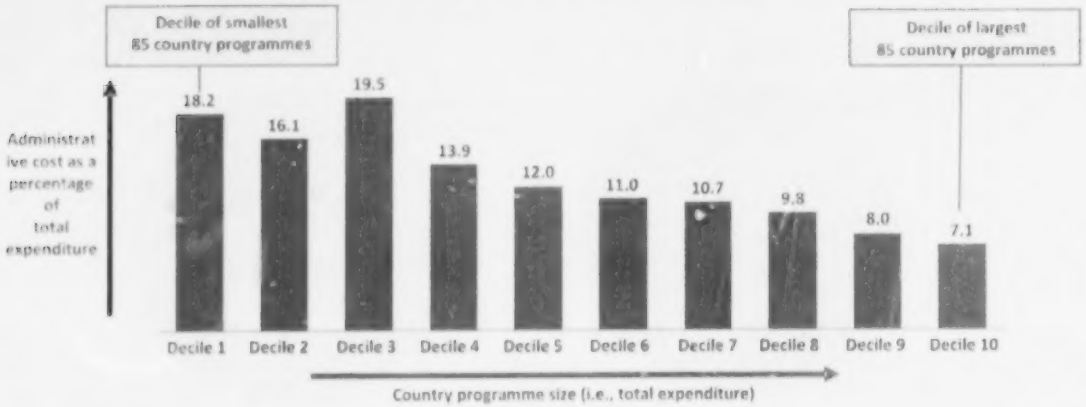
Funds and programmes: UNDP, UNFPA, UNHCR, UNICEF, UN Women and WFP.
Other United Nations entities: the regional commissions, FAO, ILO, the International Organization for Migration (IOM), UNAIDS, UNESCO, the United Nations Environment Programme (UNEP), the United Nations Human Settlements Programme (UN-Habitat), the United Nations Industrial Development Organization (UNIDO), the United Nations Office on Drugs and Crime (UNODC), UNOPS, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), UN Women and WHO.

B. Scale of opportunity for efficiency gains from inter-agency cooperation

34. As a point of departure, the data show that economies of scale exist when administrative functions support larger programmes. Administrative expenditures are about 18 per cent of total programme spending in the smallest country programmes and about 7 per cent for the largest (see figure II) The deciles each represent 10 per cent of programmes within a spending range.

Figure II

Administrative costs of country offices as a percentage of total expenditure, for 847 country programmes of different sizes



Administrative expenditure is approximately 18 per cent of the programme size for the smallest country programmes and 7 per cent for the largest country programmes

Source: FAO, ILO, UNDP, UNEP, UNESCO, UNFPA, UNHCR, UNICEF, UNIDO, UNOPS, UN-Women, WFP and WHO.

C. Potential cost savings from inter-agency cooperation in administrative support services

35. The analysis presented below suggests possible savings in country-level administrative support service costs of between 15 and 25 per cent, or about $300–500 million across the United Nations development system. This is a range, not a forecast or a prediction. Apart from the limitations in the aggregate data, what can be harvested depends on the detailed formulation of alternate support arrangements that satisfy the programmatic requirements of the main actors.

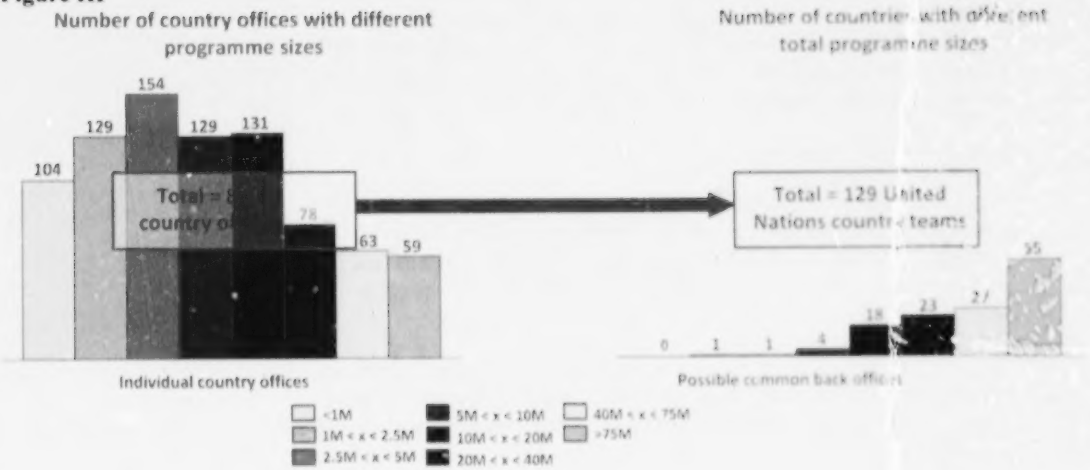
Three methods of estimation were applied: internal improvements, consolidation of services and external benchmarking.

Internal improvements

Estimated potential total savings through country-level integration: 20.8 per cent

36. The first feature is to test for economies of scale by assuming that there is one administrative centre per country serving the whole United Nations country team, rather than individual agency administrative support structures. As illustrated in figure III, the sample organizations operate 847 country programmes in 129 countries. If their administrative functions were to be consolidated so that there would be 129 back offices rather than the current 847, the efficiency gain would be about 20.8 per cent. From an efficiency angle, it is relevant to note that, currently, the 847 agency country programmes include 104 programmes of less than $1 million (left-side image, figure III), while in an integrated arrangement, no country programme would be less than $1 million (right-side image, figure III).

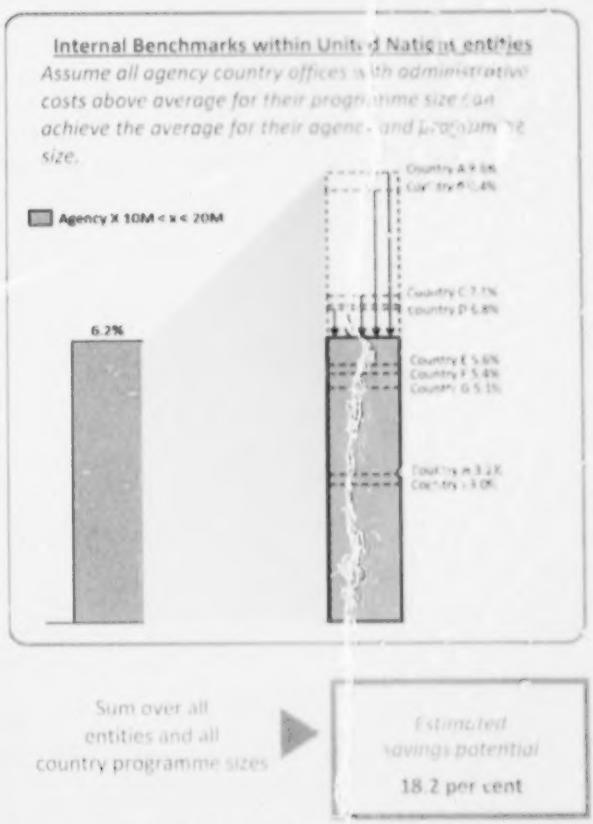
Figure III



Source: Responses from FAO, ILO, UNDP, UNFPA, UNHCR, UNICEF, UNOPS, UN-Women, WFP and WHO.

37. A second aspect of the analysis is to estimate what savings would result if all agency country offices with administrative costs above the average for their programme size reduced their administrative costs to the average level for their agency and programme size. Figure IV illustrates a sample agency. A number of its country programmes between $10 million and $20 million have administrative costs above the average of 6.2 per cent. It is assumed that through internal improvements their administrative costs can be brought down to the average for that programme size.

Figure IV


Internal Benchmarks within United Nations entities
Assume all agency country offices with administrative costs above average for their programme size can achieve the average for their agency and programme size.
Agency X 10M < x < 20M
6.2%
Sum over all entities and all country programme sizes
Estimated savings potential
18.2 per cent

*Agency x 10m < x < 20m (Example of an agency with country programmes between $10 million and $20 million)

38. Applied to the data provided by FAO, ILO, UNDP, UNFPA, UNHCR, UNICEF, UNOPS, UN-Women, WFP and WHO, the total administrative expenditure of which at country level in 2016 was $1.7 billion, potential total savings on administrative costs through internal improvements are estimated at 18.2 per cent.

Estimated potential total savings on administrative costs through internal improvements: 18.2 per cent

Consolidation of services

39. This approach suggests consolidation of services: if location independent, the functions would be transferred to a shared services centre at global or regional level. Location-dependent services that lend themselves to common provision would be placed in integrated country-level centres.[15]

Estimated potential total savings on administrative costs through the consolidation of services: 5–15 per cent

40. When applied to administrative staffing in three sample countries, savings would be expected to be between 5 and 15 per cent (see annex I, figure III). For the purposes of developing an estimate, it is assumed that this potential could exist in all countries.

External benchmarking

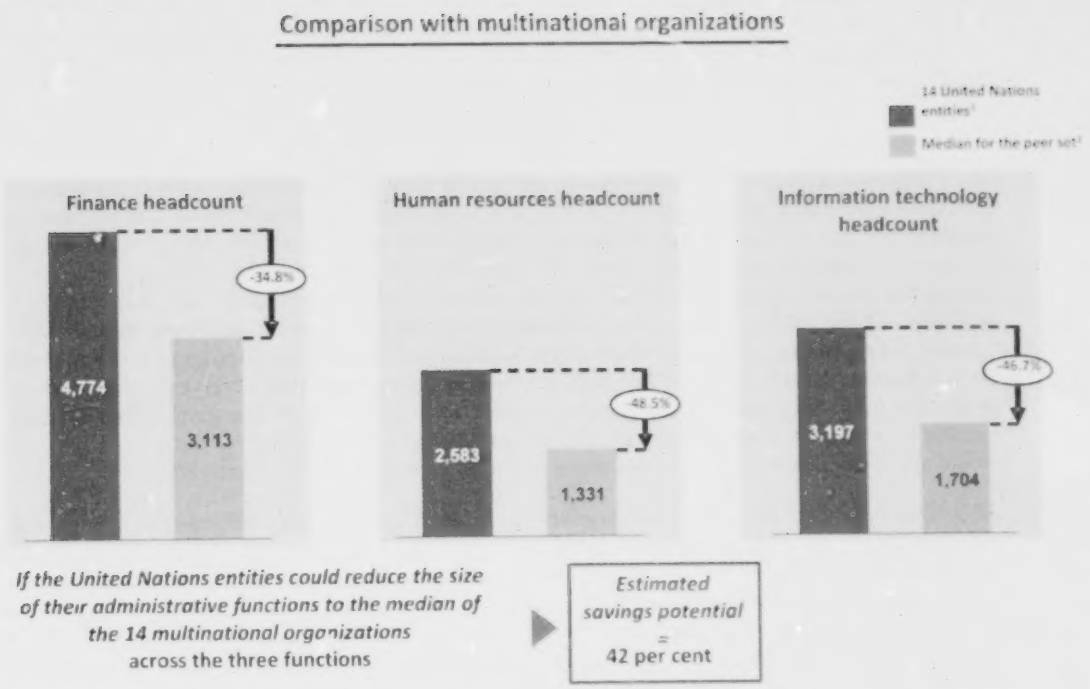
41. Some 14 United Nations system organizations (the 10 above and the International Civil Aviation Organization (ICAO), the International Fund for Agricultural Development (IFAD), UNIDO and the United Nations World Tourism Organization (UNWTO)) were benchmarked alongside 14 multinational organizations[16] with operating expenditures of between $206 million and $17.5 billion and full-time equivalents of between 2,370 and 139,500. If the United Nations entities can reduce the size of administrative staffing to the median of the 14 multinational organizations, the estimated potential savings would be 42 per cent (see figure V).

Estimated potential total savings on administrative costs through external benchmarking: 42 per cent

[15] Posts in shared services centres are assumed to cost less (80 per cent) and to be 1.5 times more efficient than country-office posts. Posts in country-level centres are assumed to be the same cost and are 1.2 times more efficient than country-office posts.

[16] The industry composition of the peer set includes organizations specializing in financial services, logistics, business services and high-tech services.

Figure V



1 FAO, ICAO, IFAD, ILO, UNDP, UNEP, UNFPA, UNHCR, UNICEF, UNIDO, UNOPS, UN-Women, UNWTO and WFP.

2 The peer set includes 14 multinational organizations with operating expenditures of between $200 million and $17.5 billion and full-time equivalents of between 2,370 and 139,500. The industry composition of the peer set includes organizations specializing in financial services, logistics, business services and high-tech services.

D. Overall estimation based on the three methods

42. The three methods tested indicate efficiency opportunities ranging from 5–15 per cent to 42 per cent. Balancing the results of these three different methods makes it reasonable to consider potential savings of between 15 and 25 per cent, that is between $300 million and $500 million, in country-level administrative support costs.

43. To recall, the estimated potential total savings on administrative costs through internal improvements are 18.2 per cent and through country-level integration 20.8 per cent. Together, they would yield about 39 per cent. However, that would be an overestimate because it is unlikely that single administrative structures could be achieved in every country, as country teams may have specific reasons for higher-than-average administrative costs, and the sources of savings in both approaches probably overlap, so the total savings would be less than the sum.

44. The estimated potential efficiencies through consolidation of services are between 5 and 15 per cent. This is likely to be an underestimate because, typically, shared services centres can achieve a higher efficiency ratio than is assumed, for example through increased specialization of staff.

Overall savings estimate: Between 15 and 25 per cent, namely between $300 million and $500 million across the United Nations system

45. External benchmarks suggest a savings estimate of 42 per cent, but this is not likely as United Nations system organizations might not achieve the same level of efficiency as their private sector peers due to different requirements, governance, procedures and rules. Private sector entities work in different

circumstances, operate on a different scale and have the ability to leave locations. Also, United Nations entities might operate in more countries and with smaller teams than private sector peers, which would lead to a higher cost structure for United Nations entities. They may also be more likely to retain a presence to support mandates in ways for-profit entities might not. For such reasons, alternative metrics of efficiency might be necessary for United Nations system organizations.

E. Data gaps need to be filled

46. Important data gaps need progressively to be addressed. On the resources side of the equation, it is difficult to envisage how analysis of business operations and planning for cooperation among organizations can be carried out without a common understanding of the related functions and the resources devoted to them. Filling these data gaps is essential for ongoing, evidence-based reform of business operations, in order to assess results and to support transparency and accountability. **The gathering of the relevant data would usefully be included in planned measures by the High-level Committee on Management and the United Nations Sustainable Development Group to develop a United Nations future data cube to enable analysis of the performance of the United Nations system in relation to the Sustainable Development Goals.** Data to support analysis in terms of quality of services and the value clients derive are also needed to monitor performance and drive further change. This data would also support more realistic estimations of the efficiency gains that can be targeted.

47. These elements would also help to raise the profile of administrative efficiency as an organizational priority. Current reporting by some organizations, in particular the United Nations funds and programmes and UNHCR, of the share of resources devoted to management and administration, programme support, and programme activities is an artefact of cost classification regimes, and is not a proxy for administrative efficiency. These cost classifications may offer insight into the share of resources directly attributable to programmatic activity, but administrative and business operations functions are typically, and extensively, funded from each of these streams (see also paras. 102–104 below).

Recommendation 1

Executive heads, in coordination with the Chair of the United Nations Sustainable Development Group and with a view to a coherent system-wide approach, should, by the end of 2020, enhance existing systems or implement new ones to accurately identify resources devoted to administrative support services, irrespective of funding source or cost classification, and set out how efficiency should be defined and assessed.

Recommendation 2

The legislative bodies should request executive heads to develop performance indicators and targets to drive improvements in administrative support service delivery, and to post performance publicly.

48. **Ideally, organizations would work together to formulate a common set of core performance indicators, which could be supplemented with organization-specific ones. But the desirability of a common approach, which could take time to develop, should not delay executive heads from taking measures to improve performance and post the results of their own organizations. Executive heads are also urged to develop and use information that clarifies the cost of administrative products. The United Nations Office at Geneva and WHO have taken useful, if incomplete, steps in this direction. The calculation of service costs would provide a more transparent basis for the pricing of services by service providers.** UNDP advises that it has developed systems necessary to support baseline assessment of service quality and costs that it believes can be easily customized for use by all agencies.

III. COUNTRY-LEVEL EXPERIENCE

49. **The review of the country-level experience presented below concludes that progress in gaining efficiencies in common business operations at the country level has been modest.** There are several challenges for gaining efficiencies highlighted below. Recommendations aimed at addressing challenges are presented as a group at the end of the chapter in view of the interconnection among them.

A. Common services have long been intended

50. Common services, and their connection to common premises, have been envisaged since the inception of the United Nations system. In one of its previous reports, JIU recalled that the requirement for common premises and services is embodied in the relationship agreements concluded and ratified progressively since 1946 by the governing bodies of the United Nations and of the specialized agencies.[17] The standard article in those agreements relating to administrative and technical services provides, inter alia, that the United Nations and specialized agencies recognize the desirability, in the interest of administrative and technical uniformity and the most efficient use of personnel and resources, of avoiding, whenever possible, the establishment and operation of competitive or over-lapping facilities and services.[18] The agreement between the United Nations and UNIDO went further, as it stated that the organizations would explore common facilities or services in specific areas, including the possibility of one organization providing such facilities or services to one or several other organizations, and establish the most equitable manner in which such facilities or services should be financed.[19] As far back as 1994, the Inspector had the foresight to envisage an interdependent worldwide network of United Nations common service centres to take full advantage of the global character and presence of the organizations to reduce their operating costs.[20]

51. Much has developed over time that renders a forensic review of the distant past unproductive. However, the points made 50 years ago in the first JIU report on common services remain salient today.

> "It seems **obvious that the administrative functions of the country representatives of various United Nations bodies should be coordinated and unified as much as possible as this is bound to lead to greater efficiency, not to mention economy.** This has been recognized in the past and various principles have been enunciated by the [Administrative Committee on Coordination] and other bodies under which the UNDP Resident Representatives were to play a coordinating role especially in regard to 'house-keeping' services and administrative matters."
>
> "Every endeavour should be made to **house all members of the United Nations family in a single building.** ... Side by side, there will be the psychological advantage of the various units of the United Nations thinking themselves as members of one family engaged in a joint effort."
>
> "All the **administrative and financial work for the entire United Nations family (in addition to common 'house-keeping' services), should be undertaken centrally** — this ... could be the UNDP Resident Representative's office."
>
> "It might involve the **adoption of unified administrative and financial rules, or the adaptation of existing rules.** If this suggestion is carefully thought out and adopted, there are bound to be considerable savings as duplication of effort will be avoided."
>
> "Inspectors ... **found competition among United Nations bodies more prevalent than cooperation and coordination.**"[21]

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[17] JIU/REP/94/8.
[18] Ibid., para. 2
[19] General Assembly resolution 40/180, annex, article 14 (d).
[20] See JIU/REP/94/8, para. 89.
[21] JIU/REP/68/4, pp. 3–4.

B. Country-level focus not sufficient

52. Constraints on common business operations at the country level stemming from different policies, procedures and systems, a lack of direction and support from headquarters, and the high transaction costs of finding common business operations solutions locally are the common denominators of the country-level story. These impediments predate the report of the High-level Panel on United Nations System-wide Coherence which recommended "Delivering as One", were a key finding of the "Delivering as One" review, and continue to apply today. The assessment below points to the persistence of non-integrated approaches to service delivery.

53. In his 2001 report on the triennial comprehensive policy review of operational activities for development of the United Nations system, the Secretary-General reported that **a real and lasting breakthrough had yet to take place. The culture and working methods of system organizations were still governed by the different agency-specific rules and procedures** and **significant progress was possible only with more intensive initiatives at the headquarters of the organizations.**[22] The subsequent report of the High-level Panel on United Nations System-wide Coherence radically enhanced attention on cooperation on business operations and stimulated interest and action by legislative bodies, organizations and inter-agency mechanisms such as CEB,[23] which developed an action plan to support country-level cooperation and gain efficiencies through global mechanisms and platforms.

54. While it led to the "Delivering as One" pilots, the High-level Panel on United Nations System-wide Coherence also recognized that the country-level changes it recommended needed similar coherence of functions at the centre[24] and it made a number of related recommendations. However, although the country pilots were pursued, many of the deeper headquarters-based reforms affecting business operations — such as governance and financing — were not. The failure to provide at the corporate level the policies and direction required helps to explain the limited progress made in the "Operating as One" strand of "Delivering as One", and subsequent initiatives. The consistency of findings by independent evaluators of "Delivering as One" and the Secretary-General is striking, even if they have long been known:

> **"Progress has lagged due to the limited mandates of country offices to change procedures and incompatible systems across organizations. Time-consuming processes were required to achieve any change, while support from higher levels of the system was often considered inadequate."**[25] (United Nations Evaluation Group, 2012)
>
> **"Agency-specific regulations and rules, different enterprise resource planning systems and the predominance of vertical accountability over horizontal accountability at the country level have slowed progress .... There is an immediate requirement to address the institutional barriers ... to establish high quality cost-efficient business support services ...."**[26] (Secretary-General, 2012)
>
> **"The funds, programmes and specialized agencies have not made progress .... This includes the call for a system-wide harmonization of regulations and rules and the consolidation of support services at the country level. Consequently, ... there is still no visible trend towards the implementation of joint business units.**[27] (Secretary-General, 2015)

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[22] See A/56/320, para. 54.
[23] E/2011/88.
[24] See A/61/583, para. 52
[25] United Nations Evaluation Group, *Independent Evaluation of Delivering as One: Main Report* (New York, 2012), para. 307
[26] See A/67/320-E/2012/89, para. 40.
[27] See A/71/63-E/2016/8, para. 232.

C. Progress has been modest

55. Country-level experience is analysed below in three different ways in order to gain some awareness of the progress made towards common country-level business operations and the situation today: an overall assessment based on global progress; the experience with business operations strategies; and the experience with integrated country level-initiatives in Brazil, Viet Nam and Cabo Verde, which have been referred to in reports of the Secretary-General as examples of service provision that could be applied more widely.

D. Overall assessment: common business operations are still a small share of the total

56. The assessment in this report of the global picture draws on data from a global survey of operations management teams carried out by the Department of Economic and Social Affairs in 2017, which was published in early 2018 as part of its system of monitoring the implementation of the General Assembly's resolutions on the quadrennial policy review.[28] Many of the findings have already been made widely known through the Secretary-General's report on the implementation of General Assembly resolution 71/243.[29] Key findings include:

(a) The vast majority of United Nations country teams still manage their business operations function through agency-owned departments. The range is from 84 per cent for ICT to 95 per cent for human resources;[30]
(b) A large proportion of operations management teams have not developed modalities to govern most common service business lines;[31]
(c) Operations management teams perform very few cost-benefit analyses across all areas of business cooperation;
(d) Differences in policies and procedures (80 per cent), as well as in rules and regulations (75 per cent), are the two most widely reported obstacles;
(e) Main policy differences include different thresholds for delegation of authority for procurement, lack of enterprise resource planning interoperability, different ICT standards and different human resources recruitment policies. Two thirds of respondents reported that varying degrees of delegation of authority to the heads of agency posed a constraint.

These findings are consistent with the insights gathered in the course of the present review.

57. While there is no momentum for consolidated or integrated structures, common business operations are most frequent in procurement and facility services. The majority of organizations in most United Nations country teams are able to draw on each other's long-term agreements with suppliers. However, most long-term agreements are agency specific,[32] suggesting that acquisition is not based necessarily on pooled requirements, and many long-term agreements cannot be built upon.

E. The current Business Operations Strategy produces insufficient results

58. **Despite some positive attributes, the Business Operations Strategy approach has not produced the desired results. It lacks ambition in not seeking consolidated service provision, is based on a business case methodology that estimates savings that are not in fact available for alternate use and generates modest levels of real savings that may not be commensurate with the level of effort involved.** The Business Operations Strategy was developed in 2012 by the then United Nations

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[28] This comprehensive survey was sent to all operations management teams, elicited an 88 per cent response rate (113) and was the fourth in a series of surveys of such teams on the progress made on common business operations. QCPR Monitoring Survey of Operations Management Teams 2017.
[29] A/73/63-E/2018/8.
[30] Department of Economic and Social Affairs, "QCPR monitoring: survey of operations management teams 2017" (February 2018), p. 11.
[31] Ibid., p. 13.
[32] Ibid., p. 20.

Development Group Business Operations Working Group to respond to mandates for the harmonization and simplification of business operations and for reporting on the resultant cost savings.[33] It is a framework to support United Nations country teams in taking a strategic, results-oriented approach to planning, management and implementation of harmonized business operations at the country level. According to the United Nations Development Group, it serves as the backbone of the "Operating as One" pillar of the standard operating procedures of the United Nations Development Group, but it is also applicable in other settings.[34]

59. Participation in the strategy is voluntary. The Business Operations Strategy was conceived to reflect only services that are developed jointly, not to include or replace individual agency operations. The common service areas envisaged are procurement, finance, ICT, logistics, human resources and facility services, including common premises. Key objectives of the Business Operations Strategy are:

(a) To strengthen the link between the planning of business operations and programmes. The Business Operations Strategy and the United Nations Development Assistance Framework are to be developed in conjunction with each other, and run on the same cycle;
(b) To reduce costs by reducing repetitive processes carried out by agencies individually and by leveraging the system-wide bargaining position when procuring goods and services;
(c) To strengthen the evidence-based approach to decision-making on business operations through the use of tools such as cost-benefit analysis.

60. The United Nations Sustainable Development Group Office advises that business operations strategies have been established or are in an advanced state of formulation by 50 United Nations country teams. The initial phases of implementation are shown in figure VI below.

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[33] United Nations Development Group, "UNDG Business Operations Strategy (BOS), executive summary" (September 2016), p. 3.
[34] Ibid.

Figure VI Business operations strategies — implementation timeline

Source: United Nations Sustainable Development Group and documents on business operations strategies (start and end date).

61. A questionnaire was sent to the 34 United Nations country teams that the United Nations Sustainable Development Group Office had indicated in early 2018 as having established business operations strategies (23 responses received). The findings presented in this report draw on those responses, the global survey of operations management teams, interviews with United Nations country teams and officials at headquarters, and internal reviews commissioned by the United Nations Sustainable Development Group Office.

62. The business operations strategy process is considered burdensome by most United Nations country teams because of its requirement for separate baseline, needs and cost-benefit analyses. One resident coordinator in a small country team said that she considered it not sustainable to require a methodology that compels country teams to hire consultants.

63. Savings of generally modest levels are reported, but are difficult to interpret. The business operations strategy methodology is based on valuing time saved, which in most countries is the most significant share of the total. Almost never is the time saved turned into money (such as by reducing capacity), which could be deployed for alternate use.

64. The responses to the JIU questionnaire indicate a high concentration of cashable savings in the area of procurement and efficiency gains rarely being translated into reduced staffing (annex I, figure VI), and that policy differences across agencies often hinder participation and effective results (annex I, figures VII–IX). Furthermore, United Nations country teams that had moved into common premises reported having achieved savings on facility costs in the range of between 10 and 50 per cent. The level of savings varies substantially depending on whether the new common premises are rent-free, whether the premises the entities are moving from were rent free, and whether the entities needed to pay for new common premises construction/renovation. Figures IV to XI in annex I present more details on the responses to the JIU questionnaire on business operations strategy experience.

65. While voluntary participation in business operations strategies enables flexibility for agencies to contribute at their pace, some organizations note that this contributes to limited participation and unpredictability of service demands and of related costs and revenue levels, low scalability and lower bargaining power (annex I, figure XI).

66. The intended strategic planning of business operations in conjunction with the programme through the United Nations Development Assistance Framework has not materialized on scale — not for want of trying by at least some United Nations country teams. The country team in Rwanda makes prodigious efforts to integrate operations and programme planning. Some members of the country team point out the results are meagre for the time invested. In Tanzania, a programme and operations management team had been created to bridge the divide, but was discontinued at the end of the United Nations Development Assistance Plan period. Instead, the United country team has designated agency heads to lead both the operations and programmes teams, with linkages drawn through the country team.

67. **The United Nations Sustainable Development Group should analyse specific experiences to identify realistic points of intersection between programme and operations planning.** Is the United Nations Development Assistance Framework/Plan expressed at too high a level of generality to be a practical window for the alignment of business operations? The observed eagerness of the Rwandan operations management team to realize more upstream planning of procurement suggests a willing partner for such an examination.

68. Questionnaire responses and interviews indicate that business operations strategies have not been supported sufficiently by organizations whose headquarters have left it largely to local representatives to determine how to participate. The **example of UNICEF in providing specific guidance to its country offices on what they may and may not collaborate on should be applied by all organizations.**

69. The savings generated through business operations strategies, to the extent calculated, are highly concentrated on certain forms of procurement cooperation and facility services. It should be borne in mind that cooperation on long-term procurement agreements and basic common facilities predate the business operations strategies. While these benefit streams have been repackaged in the business operations strategies, they do not require the business operations strategies for their realization.

F. Current country-level integrated service centres are limited in scope: only one unifies service delivery

70. None of the country-level integrated service centres offer anything close to a ready template for the consolidation of common business operations at the country level, although lessons, not necessarily new ones, can be learned. The Secretary-General reported that through the integrated service centres in Brazil, Denmark and Viet Nam, the development system has taken important steps towards successfully consolidating operational services at United Nations entities in specific locations.[35] This is not actually the case. They are each very limited in scope. None unifies business operations delivery. Viet Nam and Copenhagen consolidate only the limited range of services related to managing a common building. The Joint Operations Facility in Brazil does not focus on premises; however, it is far more limited than was envisaged and has been deeply challenged since its inception. The Joint Office in Cabo Verde established in 2006 does, however, unify service delivery and offers a model that could be of interest to the United Nations Sustainable Development Group for other countries whose combined programme volumes is modest.

71. A feature common to all may be relevant for future planning: all four operate on a UNDP backbone, and, but for Cabo Verde, their agency independent structure and governance arrangements render them more attractive to their participating organizations than a lead agency model. In Brazil, for example, the Inspector was informed that a main reason for the creation of the Joint Operations Facility was dissatisfaction under the lead agency model. Similarly, having the Common Services Unit provide services

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[35] See A/71/63-E/2016/8, para. 230.

related to facilities in the Green One United Nations House in Viet Nam instead of a lead agency approach was a motivation for the tenants to move in. The evaluation of UNDP agency services recently completed by its Independent Evaluation Office concludes that joint operations service arrangements are superior to lead agency arrangements because they entail more neutral governance, ownership and trust and can strengthen more client-oriented service provision. It adds that such units are able to propose and implement innovations and client-orientation quality to their services without the risks of firewall failure faced by lead agency-based models.[36]

72. Highlights in particular of the Viet Nam, Cabo Verde and Brazil examples are set out below. Each in different ways illustrates:

- The challenges to horizontal country-level integration caused by organization-specific internal control frameworks;
- The difficulty in sustaining headquarters and policy support after initiatives are launched;
- The barriers imposed by differences, real or perceived, in rules and procedures;
- The need for clarity on the legal personality a service provider requires and the authority to whom the service provider accounts;
- The phenomenon of treating common service personnel as institutional orphans. If staff are contracted by one but serve all entities, it is not clear which systems and support they are entitled to. It is recalled that the Human Resources Network of the High-level Committee on Management, in support of the High-level Committee's Strategic Plan, was expected, in 2013, to work out modalities on how to achieve "internal applicant" status for all staff of United Nations System organizations;[37]
- The extent to which initiatives are personality driven, not institutionally anchored, so that a change in personnel leads to a change of course.

The Joint Operations Facility in Brazil

73. A unique characteristic of the Brazil experience was the dominant preoccupation with how to organize service delivery for governmental clients — the principal funding source for UNDP and UNESCO, which conceived the Joint Operations Facility. A motivation for the Joint Operations Facility was the pressure to reduce operating costs resulting from reduced service fee income from Brazil, as it had cut back on the use of United Nations entities to carry out work on its behalf. The reduced income challenged the sustainability of some United Nations presences.[38] Another consideration, the Inspector was informed, was a desire to reduce the practice of funding entities shopping projects around United Nations system organizations to see who would undercut whom.

74. The Joint Operations Facility was to be co-financed by the United Nations country team, serve all United Nations projects and reduce the number of operating units in separate entities. The suggested starting point was the integration of procurement, reflecting the profile of procurement activity in the portfolio of UNDP and UNESCO. To help chart a path forward, the country team requested assistance. The High-level Committee on Management and the United Nations Development Group then fielded two joint missions to support the development of the Joint Operations Facility.

75. The Brazil initiative attracted much attention and was featured repeatedly in the reports of the Secretary-General to the Economic and Social Council and General Assembly on measures being taken to promote common business operations, because of possible wider applicability. For example, the Economic and Social Council was informed that the first pilot project for the integrated service centre design and

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[36] UNDP Independent Evaluation Office, *Evaluation of UNDP Inter-agency Operational Services* (2018), conclusion 6, p. 10, and para92, p.40

[37] CEB/2013/HLCM/HR/20.

[38] United Nations country team, "Business Operations Strategy (BOS): concept note for a pilot implementation in Brazil" (30 January 2013).

implementation was carried out in Brazil and that the project contained components for a possible common service centre methodology to the benefit of future roll-outs of that mechanism.[39] In what retrospectively should have been seen as a worrying indication, he later noted that eight entities would participate (of which five were very small), and that the participation of FAO, WHO (Pan American Health Organization (PAHO)), UNICEF and WFP hinged on the results of a cost-benefit analysis.[40]

76. A joint operations facility of 27 personnel to provide services in human resources, including recruitment and contracting of national staff and consultants, procurement, travel and a range of ICT services was envisaged. It foresaw that 15 full-time equivalents would be freed up and there would be a monetary gain of $1.7 million annually, of which 60 per cent related to travel. It started operations in March 2016 with a more narrow scope and participation than envisaged. It now has five principal participating entities — UNDP, UNESCO, UNEP, UNFPA and UN-Women — and works on two service lines, procurement and travel. According to UNOPS representatives in Brasilia, it left because the volume of business the Joint Operations Facility carried out on its behalf did not justify the cost.

77. Others have written extensively about the challenges facing the Joint Operations Facility and what could/should be done next.[41] As can be seen from box 1 below, the Joint Operations Facility has been constrained from the beginning, notwithstanding valuable support, such as a one-time, start-up investment by UNDP. Given the concerns about cost and its fair distribution, persistent changes in the management of the Joint Operations Facility and limited agency participation, it is not clear what the future will hold. If discussions with WHO (PAHO), the largest United Nations system programme in Brazil, on the use of Joint Operations Facility services for travel yield fruit, the prospects will improve. It would be a pity to abandon the massive effort and commitment shown by the staff of the resident coordinator office and other organizations, if it is at all possible to apply the lessons learnt, many of which were identified in advance by the High-level Committee on Management/United Nations Development Group mission.

Box 1 Brazil Joint Operations Facility

Features

Of the 23 agencies in Brazil, 5 actively participate.[42]

The scope of service provision is far less than envisaged. FAO advised it does not participate because it is more expensive and slower than its own operations and UNICEF has not found the business case compelling.

Joint Operations Facility staff are on UNDP contracts. The Joint Operations Facility is governed by the Joint Operations Steering Committee, composed of the heads of participating agencies and chaired by the Resident Coordinator.

Pressured to reduce costs and denied stable and empowered leadership, the Joint Operations Facility operates on an annual budget of about $875,000, which provides for 11 personnel. Some 85 per cent of the costs are borne by UNDP and UNESCO.

Challenges and barriers

The constraints identified during the planning stage were never resolved.

The Joint Operations Facility has no visibility in the United Nations country team as a whole, weakening shared ownership.

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[39] See E/2013/94, para. 181.

[40] See A/70/62-E/2015/4, para. 149.

[41] Anders Voigt, "UN Joint Operations Facility in Brazil: initial assessment report" (September 2016); and Patrick J. Tiefenbacher, "Joint Operations Facility: consolidated report" (March 2018).

[42] UNDP, UNEP, UNESCO, UNFPA and UN-Women.

The Joint Operations Facility is not connected to a broader view of common business operations. The operations management team is now being revitalized under the Chair of WHO (PAHO) operations manager.

Internal constraints, such as access to enterprise resource planning systems and differences in rules and procedures,[43] are crippling in terms of the scope of services and transaction efficiency.

Human resources functions were not included because of perceived differences in rules.[44]

Rather than apply standard processes, the Joint Operations Facility tailors them to the requirements of each client organization.

A larger scale of operations was not enabled. UNESCO declined to use the travel service and services related to hiring consultants and individual contractors are not delegated to the Joint Operations Facility. It is difficult to prove the viability of functions if they are withheld by the sponsors.

A home-grown procurement manual developed rather than use an established one. Even then, UNESCO, one of the two main procurement clients, has only endorsed it with reservations, requiring its own processes to be applied in 5 out of the 16 operations offered.

Funding from United Nations Development Operations Coordination Office Group Office was important. The Joint Operations Facility accessed funds totalling more than $200,000 for electronic tools and to review its pricing structure. This illustrates the need to consider resourcing at the early stages of business innovation.

The Joint Operating Facility illustrates the challenge of constructing common business operations from the bottom-up, the failure to sustain corporate engagement to solve policy problems, the durability of bureaucratic barriers, the need for a sound business case and the unfortunate tendency of some to observe while others carry the risk of innovation.

Cabo Verde

78. The Joint Office in Cabo Verde draws together UNDP, UNFPA and UNICEF; WFP had participated until it withdrew from the country. The reason for its establishment was that in countries in which the United Nations system presence is very small, the combined representation, staffing and support costs of United Nations agencies are often, according to the Secretary-General, excessive in proportion to their small programme budgets. The Joint Office model is designed to improve the effectiveness of the United Nations in such countries by rationalizing representation and improving the ratio of programme to support costs.[45]

79. It was foreseen that 20 countries would implement variations of the Joint Office by 2007. That did not happen; Cabo Verde remains the only Joint Office.

80. On the savings front, it is not clear what has been realized, as there was no baseline information. Part of the plan was also that consolidation would be conducted on the understanding that no local jobs would be lost.

81. FAO and WHO are not part of the Joint Office, but are located in the One United Nations House, which also provides space for non-resident agencies and agencies with small technical presences (ILO,

[43] United Nations Development Group/High-level Committee on Management, "Joint Operations Facility: advisory report" (March 2014).
[44] Voigt, "UN Joint Operations Facility in Brazil", p. 9.
[45] E/2005/58, p. 20.

IOM, UN-Habitat UNIDO, UNODC and UN-Women). Despite the progress made, the universe of common services has not yet been fully exploited: FAO does not participate in the common telephone system; there is no common ICT help desk, and the scope for sharing of vehicles has not been explored. The possible integration of the support functions of other United Nations system organizations has not been assessed.

82. After the General Assembly called for the implementation of the Joint Office model and the expansion of common services,[46] each report submitted to the Economic and Social Council on the implementation of resolution 62/208 included action on implementing on such a model.[47] The Secretary-General later stated that while the model has identified cost savings, several problems have been highlighted, primarily related to relevant support systems and agency difficulties in adjusting headquarters processes for a single office.[48] It was, of course, never intended to be limited to one country.

83. The Joint Office was fairly soon more or less left on its own to deal with problems that required corporate solutions. There have been challenges along the way, but the Joint Office has made progress in reconciling unified representation with projection of brand identity and advancing programmatic integration. It also shows the power of a unified set of rules and procedures in enabling common business operations. Some challenges can best be resolved if the model is brought to scale.[49] Whether to do so appears to depend less on whether it can work than on the political willingness of organizations to forgo direct representation.

84. The phenomenon that the Joint Office model responded to is not unique to Cabo Verde. It is common to small United Nations country teams, countries that have transitioned to middle-income status and small island developing States, with small programmes resource bases and limited donor presence, which inhibit resource mobilization.

85. Swaziland illustrates the point. Since becoming a lower middle-income country, its programme volume and core resources have shrunk, presenting the United Nations country team with serious challenges of overall financial viability. The absence of a meaningful resident donor base compounds the challenge. These pressures are driving new attention to strategies for consolidated service provision.

86. A UNDP representative explained that the shrinkage in resources, if sustained, threatens the viability of the country presence. Some agency representatives see full administrative consolidation as a precondition for financial sustainability, but add that the cost of separate international presences cannot be justified by programme volume and that consolidation of those presences is part of a longer term solution. While not having a view on the threshold for financial viability, the Inspector considers that the joint office approach can form part of an overall response because curtailing the cost of international representation can free more resources for programmatic work than can more efficient business operations alone. Applying the Joint Office model more widely is compatible with the stated intention of the Secretary-General to carry out pilots to test strategies for improved business operations.[50] It is also relevant to the need to consider alternative models of representation, which is implicit in the envisaged reconfiguration of country presences.

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[46] See General Assembly resolution 62/208 para. 120.
[47] E/2008/49, E/2009/69, E/2010/70 and E/2011/112.
[48] See A/67/93-E/2012/79, para. 99.
[49] This may be why ICT standards for a Joint Office envisaged in E/2006/58 (p. 32) were not developed.
[50] See A/72/684-E/2018/7, para. 48.

Box 2 Cabo Verde Joint Office

Features

The resident coordinator serves as representative for the participating agencies: UNDP, UNFPA, UNICEF and, initially, WFP.

One structure using the operational platform of UNDP with a single common country programme document.

Staff are on UNDP contracts and there is one set of rules and regulations for business processes.

Administrative support services are fully integrated.

A memorandum of understanding initiated in 2006 to regulate the functioning of the office remains unsigned.

There is a high degree of programmatic integration/mutual reinforcement, which the Joint Office considers is its most important achievement.

Challenges and barriers

Lack of access to the UNICEF enterprise resource planning system creates extra work and error, which is a risk both for the Joint Office and UNICEF.

Back-end reporting on monitoring and results is burdensome, but front-end programming is highly integrated.

Different cycles and requirements for programme monitoring and reporting require significant extra work and reflect an inability to complete the logic of a joint programme through a whole life cycle.

There is a decrease in the sense of ownership by organizations that no longer have their own staff in the Joint Office.

There is ambiguity on whether national staff are to be treated as internal or external candidates; staff lack access to learning and knowledge platforms beyond UNDP.

The possibility to project "brand" identity required reversal of the policy of organizational neutrality.

The Joint Office approach can be made to work if organizations are willing to forgo their own representatives. Barriers such as access to systems are unresolved. Neither organizations nor inter-agency mechanisms have followed up on undertakings to facilitate such arrangements. The model needs to be brought to scale to merit the corporate investment to resolve problems such as programmatic reporting, systems interoperability and related internal control policies.

Viet Nam

87. The Green One United Nations House was conceived in 2008 in order to support "Delivering as One" and went into operation in June 2015. The House is seen as a means of promoting greater harmonization, shared accountability and effectiveness. The building's key features include reuse of the structure and materials from the former apartment building, maximum natural lighting, and reduced energy and water consumption.

88. The House is very appealing to the United Nations country team. It was planned in partnership, is governed on the same basis, and it shows. In 2012, the resident United Nations system organizations signed a memorandum of understanding for the renovation of the premises, which ensured an inclusive approach to the development of the facility. Then, in 2017, the tenants of the House signed a memorandum of understanding, which regulates the terms of occupancy, the use of the building and related provision of

common services. They also agreed to a collective responsibility for the House through their participation in its Management Board. The House already brings together 14 of the 15 United Nations agencies resident in Hanoi. Some specialized agencies indicated that they had received messages from their headquarters that they should strive to be co-located in the House. All the entities interviewed said that they believed being together was good for their own and the broader United Nations image.

89. Integrated service provision in Hanoi is carried out through a Common Services Unit, which covers: handling of technical facility management and repairs, services related to utilities and premises, visitor management, provision of a one-stop-shop Service Desk, provision of stationary and office supplies, insurance, protocol services for the House's clients, diplomatic pouch and mail, and common ITC-related services (a common virtual local area network, a common telephone system and common printing). By signing the memorandum of understanding, tenants agree to all services provided by the Common Services Unit.

90. The Common Services Unit operates on a UNDP backbone. It is nevertheless seen as agency-neutral and client oriented, as governance arrangements provide an opportunity for all voices to be heard. This is in marked contrast to lead agency arrangements, under which service is perceived as a UNDP product and a frequent perception that it prioritizes itself. The underpinning, however, is the same.

91. The operations management team advised that the vision for the United Nations country team is to have a fully integrated service centre that can show the world how the United Nations can come together and achieve operations.[51] The current reality is still some way off from that because, despite the range of common services provided by the Common Services Unit, organizations still maintain their own administrative support structures. The House was never conceived to consolidate delivery of all administrative support functions, just some. However, the Common Services Unit offers a framework for consolidated service provision, if that policy decision were taken. A very modest business operations strategy was developed to start in 2018, but most of the efficiencies envisaged relate to common premises services. The United Nations country team has recognized the need to ramp up the level of ambition and, to pursue this, has designated agency heads to be both Chair (UNICEF) and Vice-Chair (ILO) of the operations management team.

92. Box 3 expands on the features and challenges of the House. The constraints of accessing systems, differing rules and procedures, and the lack of a clear view of whom common service personnel belong to are in evidence.

93. All members of the United Nations country team appear to agree that the common premises have not yet contributed to joint programming, which they consider is not far advanced. The allocation of space is by functional and results area, not by organization, which is intended to foster horizontal programmatic collaboration.

Box 3 Green One United Nations House Hanoi, Viet Nam

Features

Common services are provided by a Common Services Unit.

Common services are confined to managing facilities, protocol, document registry and ICT services.

Organizations maintain their own support arrangements for other needs.

High levels of United Nations country team satisfaction with the House and with the services of the Common Services Unit.

[51] "Business Operations Strategy (BOS): concept note for a pilot implementation in Brazil" (30 January 2013).

Governance is through a Management Board supported by a smaller Executive Committee.

The Common Services Unit is perceived as independent and fair to all, which is ensured by its governance arrangements. The structure rests on a UNDP backbone.

The Common Services Unit was established as a UNDP project. Staff are on UNDP contracts except for some ICT staff who work for an agency due to the rules that limit access to their information technology infrastructure to their own contract holders. This barrier imposes a requirement for one person for each participating organization to look after information technology, even if that is not justified by the workload.

ICT integration was enabled by inter-agency missions in 2008 and 2012 and the United Nations International Computing Centre. In the absence of the previous mechanisms for such support, the Hanoi team reports lower levels of headquarters engagement.

Challenges and barriers

Common business operations are perceived as stymied by the different policies in human resources, finance and procurement.

The Common Services Unit lacks delegated authority for procurement functions, which it believes that it has capacity for; it relies on UNDP for actions performed in its enterprise resource planning system which adds a layer/step in transaction processing.

The Common Services Unit manager cannot access UNDP systems beyond initiating transactions and cannot see the budget.

While contracted by UNDP, the staff are not fully treated as such. This limits access to UNDP corporate systems for talent management and training.

There are differing views on the appropriate recording and management of common assets.

Although the structure of the Common Services Unit could be the nucleus for integrated service delivery, organizations would need to specifically indicate that desire, and it would be necessary to overcome the bureaucratic barriers that restrict the expansion of common services in Hanoi, as everywhere else. It would also be necessary to review whether functioning as a UNDP project constrains the necessary managerial scope.

Copenhagen

94. The United Nations City opened in July 2013 and today houses 11 United Nations system organizations (IOM, UNDP, UNEP, UNFPA, UNHCR, UNICEF, UNIDO, UNOPS, UN-Women, WFP and WHO). It is managed by UNDP, which established the United Nations City Common Services Unit to perform this responsibility. The staff of the Common Services Unit are on UNDP contracts. No agency present in Copenhagen delivers a programme in Denmark.

95. The Common Services Unit reports to the United Nations country team on the activities with respect to the common premises. It provides services related to the running of the building, as well as some financial services to agencies with a small presence, such as the Nordic Representation Office of UNDP and WFP. However, common ICT and limited conference services are the responsibility of WHO, while UNOPS provides security services. As the World Health Organization Regional Office for Europe organizes a biennial conference for its region, it considered it important to manage conference facilities and videoconferencing technology. UNOPS, as the only participating organization headquartered in Copenhagen, already had a relationship with the United Nations Department of Safety and Security. The operations management team brings all these threads of common services together in budget discussions and issues for the attention of the United Nations country team.

96. The vision of the United Nations country team and operations management team is broadening from service efficiency to supporting effective engagement with the Sustainable Development Goals. Four result areas were identified: services, greening, workplace and Sustainable Development Goal hub. The goal is to position the United Nations City as a centre of excellence in all four areas, although the steps to accomplish that are still in their infancy. The general idea is to devise solutions that could be replicable in other common premises.

97. On the services side, the Common Services Unit sees potential in a common travel agent to benefit from the collective volume. Additionally, potential is seen in human resources administration, procurement and other functions that could help agencies reduce their own capacity and presence.

G. Regional-level service arrangements should not be overlooked

98. During interviews in the course of this review, attention was drawn to very large regional presences comprised of entities present for specific purposes. Their different frames of reference may help to explain the limited attention paid to considering deeper common business operations among them. For example, in Bangkok, the United Nations system presence is about 2,500 personnel, occupying 12 different premises. There is a United Nations country team focused on Thailand; the United Nations Sustainable Development Group and other regional presences to support programmes in other parts of the Asia-Pacific region; and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). The operations management team encompasses everyone, including ESCAP. In line with the common assumption that operations management teams are purely country level, the Bangkok operations management team reports formally to the resident coordinator for Thailand. However, as ESCAP and several United Nations regional presences are also members of the operations management team, they fall outside the remit of the resident coordinator, who is therefore not able to drive an integrated approach on behalf of all the United Nations entities present in Bangkok. This highlights the need for tools for regional settings and for appropriate governance arrangements. The prospective relocation of United Nations system presences in Dakar, involving about 2,000 personnel, into common premises provides an opportunity for the United Nations Sustainable Development Group to consider how to optimize business operations support among the different types of presence beyond the management of the facility itself.

99. Recent analysis carried out for the Secretary-General's review of the regional level in the context of the repositioning of the United Nations development system estimates about 9,000 personnel in various regional presences. **The Secretary-General and the United Nations Sustainable Development Group are urged to ensure that these regional presences are taken into account in the formulation of strategies to gain efficiency through inter-agency cooperation. If preoccupations concerning seniority within United Nations system organizations require that a Secretariat entity be officially considered the head of such consolidated presences, Secretariat rigidities in the conduct of administrative support should not be allowed to immobilize the cooperative opportunities that could be pursued by the others. In such circumstances, a senior official from a less constrained organization should be designated as the accountable officer to drive the integrated operations management team's work on common business operations.**

100. Another phenomenon observed is of agencies individually seeking efficiencies by setting up regional hubs to provide operations support that might previously have been carried out at the country level. UNDP, UNFPA, UNICEF and WHO are doing this in Southern Africa, for example. Through the lens of the organization, this can make sense, but an analysis of common business operations for the future should take these threads into account.

H. Secretariat capacities should form part of the mix

101. A great deal of the focus on common business operations at the country level has been driven through the lens of resolutions on the operational activities for development, which typically do not embrace most Secretariat field presences, such as peace operations. **Where the Secretariat deploys very significant capacities in operational services in locations in which there are active United Nations country teams, those capabilities should be considered when examining the strategies for integrated service**

provision. Should the Secretary-General consider that the regulations and rules governing the operations of the Secretariat impede such cooperation, he should draw those impediments to the attention of the General Assembly.

I. Fragmentation of funding impairs administrative efficiency and transparency

102. The earmarking of funding impedes efficiency because it makes it much more difficult to manage administrative tasks and capacities in an integrated way. Such funding arrangements help to precipitate separate project or programme structures, with their own support capacities. In WHO, for example, the polio programme has its own support capacities, and is the principal funding source for administrative capacities in a number of countries. UNDP and UNICEF also utilize project structures, at least partly based on the underlying funding arrangement.

103. This also undermines the transparency of resources devoted to administrative functions because the administrative requirements built into a self-contained programme are reported as programme costs. To carry the WHO example further, its proposed programme budget for 2018–2019 shows an estimated $224 million annually for management and administration,[52] reflecting the requirements for corporate services/enabling functions. That sum would not, however, include the administrative costs of the polio programme, which are estimated by a senior WHO official at $50 million annually.

104. In recent reports, JIU has drawn attention to the inefficiencies and extra workload related to donor-led assessments and reporting that results from the growth of earmarked funding.[53] In terms of administrative services, the curtailment of the visibility of related resources and of the ability of organizations to manage them in an integrated way is a further facet of the hidden cost of the erosion of core funding. This reinforces the need, as recognized by the General Assembly, to address the imbalance between core and non-core resources,[54] and the relevance of the envisaged funding compact.

J. Country-level findings and recommendations

105. The design of country-level administrative support abstracted from a global framework has been shown not to work. This review finds that, at the country level, the key challenges in gaining efficiencies from common business operations include: different business models; differences in rules and procedures; a mismatch between country-level objectives and corporate support; strategies, such as the business operations strategies, cost a lot of time without a clear payoff; and the different interests and capacities within United Nations country teams. To address this, a set of recommendations, which are not mutually exclusive, are offered to: address the circumstances of small United Nations country teams; overcome bureaucratic barriers; drive development of an integrated model through a few lead actors; and refocus the broader United Nations country team work on business operations on fewer and more productive areas.

106. It is also observed that there are few evident incentives for inter-agency cooperation in this field; if anything, incentives are in the opposite direction. Why would a programme manager willingly seek to reduce her or his control of business operations and related staff size? If resources freed up were available to be redeployed to the programme, that could be an incentive, but administrative savings tend not to be available for local redeployment. The grading of operations manager positions is partly a function of the size of the team supervised and the resources managed. It is not clear what they would gain by reducing their capacities and flexibility to deliver, especially if the likelihood of improved service delivery by another provider is uncertain. Furthermore, as most operations personnel are locally engaged, concerns about their tenure and future employment have an important bearing on what actually happens, as seen, for example, in the Cabo Verde experience. Making reductions is very difficult, and this has a bearing on

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[52] A/70/7.

[53] JIU/REP/2017/2 and JIU/REP/2017/7.

[54] See General Assembly resolution 72/279, para. 25.

prospects for the consolidation of service delivery at the country level and on the shifting of location-independent functions from the country.

107. The following recommendation is intended to address pressures on small United Nations country teams and build on the experience of the Joint Office.

Recommendation 3

The General Assembly should, at its seventy-third session, request the executive heads of the United Nations funds and programmes and invite executive heads of other field-based organizations to test the Joint Office model more widely, taking account of the previous target of 20 countries and drawing on lessons learned from the Cabo Verde experience.

108. It is also necessary to overcome the bureaucratic barriers, real or perceived. Hopefully, this commands attention in the ongoing work of the Business Innovations Group set up by the United Nations Sustainable Development Group. Since differences in rules and procedures have been ongoing impediments, it is desirable to find a way of working with a single set of rules, without spending years of bureaucratic effort to harmonize them first. Arrangements such as a hosting model under which a single agency provides hosting services for the others, so that all staff would be formally contracted by one entity, should be tested, first in 5 to 10 small United Nations country teams. The Secretary-General had in fact spoken of hosting arrangements as part of a new model of representation and had undertaken to test the approach.[55] In addition to enabling common rules, this could be managed in a way that maintains organizational identity. **It would be useful to draw on the hosting service experience of United Nations system entities, such as UNOPS and WHO.**

Recommendation 4

In order to overcome the bureaucratic barriers, the Secretary-General, in consultation with the Chair of the United Nations Sustainable Development Group, should initiate, by the end of 2020, the testing of a model under which a single agency provides hosting services for the others.

109. It has not been possible to move the whole system forward at the same pace. Five entities — UNDP, UNFPA, UNHCR, UNICEF and WFP — represent about 75 per cent of the administrative support spending and personnel at the country level outside of peace operations. If they could design a common approach, they would represent enough critical mass to harvest a large share of the efficiencies and could offer a platform others could later join. UNFPA is suggested as a participant in this smaller group because its medium scale offers a perspective as a client as well as a self-provider. This group of entities is suggested as a core, but not to the exclusion of others willing to participate.

Recommendation 5

The Secretary-General should designate, by September 2019, a limited group of executive heads, which would include those of UNDP, UNFPA, UNHCR, UNICEF and WFP, to formulate a proposal for consolidated country-level administrative support arrangements, in accordance with the provisions of General Assembly resolution 72/279.

110. As discussed in paragraph 64 above, procurement and facility services have shown higher concentrations of savings than other areas. The broader United Nations country team should continue to pursue common business operations, but focus on more limited and demonstrably productive opportunities. One aspect would be to strengthen procurement cooperation, which the business operations strategies and preceding experience show are capable of yielding both cashable savings and process efficiencies. Another is to advance common premises in view of the efficiencies common facility services,

[55] E/2005/58, table, p. 20.

including ICT infrastructure, often bring. In emphasizing common premises, the Inspector does not take a view on the specific target expressed by the Secretary-General. Opportunities will need specific assessment. **For meaningful and well-reasoned progress to be made, effective and ongoing leadership at headquarters is required because a corporate view of financing, legal frameworks, private-public partnerships, design requirements and inter-agency relations is needed to support country teams.** During missions for this review, it was evident that country teams can get in over their heads. The importance of the enabling role of host authorities cannot be overstated.

Recommendation 6

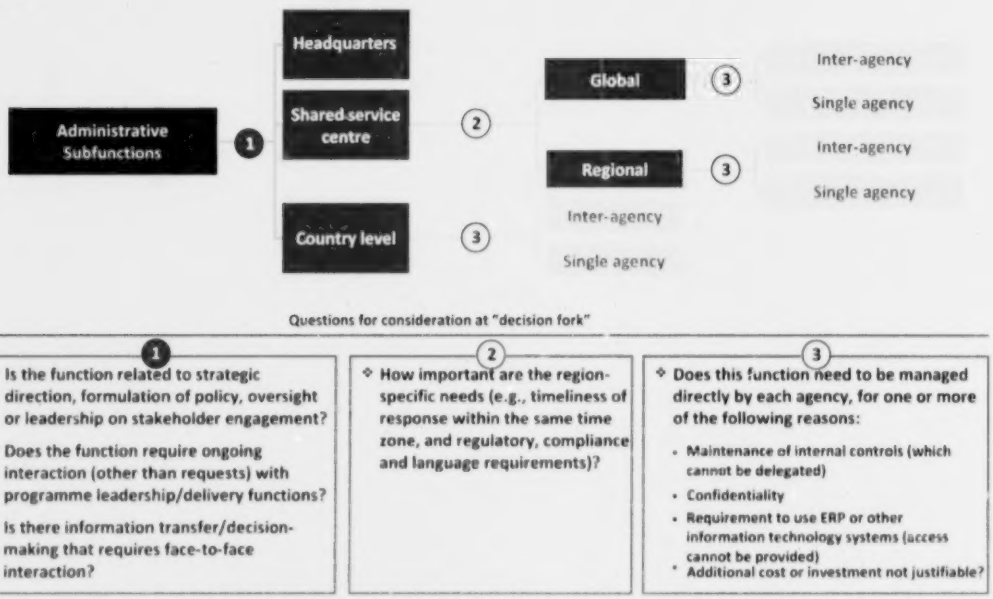
The United Nations Sustainable Development Group should refocus the common business operations of United Nations country teams on a more limited agenda, such as common premises, facility services and procurement. All country teams should be required, by the end of 2020, to put forward a business case on common premises. They should also be required to establish joint long-term agreements and service contracts by the end of 2020.

IV. EXPAND SHARED FUNCTIONS AND CONSIDER OUTSOURCING

111. To optimize service provision, it is necessary to assess which functions can be provided in a shared environment — globally or locally — and which are of a nature to require single-agency provision. The analysis also needs to clarify which functions are location dependent[56] and which functions lend themselves to global or regional provision. From this review, it can be concluded that there is significant scope for delivering a wide range of functions through shared services, and that some functions now delivered locally are not location dependent and can be provided from global or regional levels.

112. For the purpose of this review, a simple decision tree (figure VII was applied to subfunctions across six administrative areas to consider questions at specific decision forks. Key questions include whether a function is related to the formulation of strategic direction, policy oversight or stakeholder engagement, whether there are regional-specific needs, and if there are factors, such as internal control frameworks, that require management directly by each agency.

Figure VII

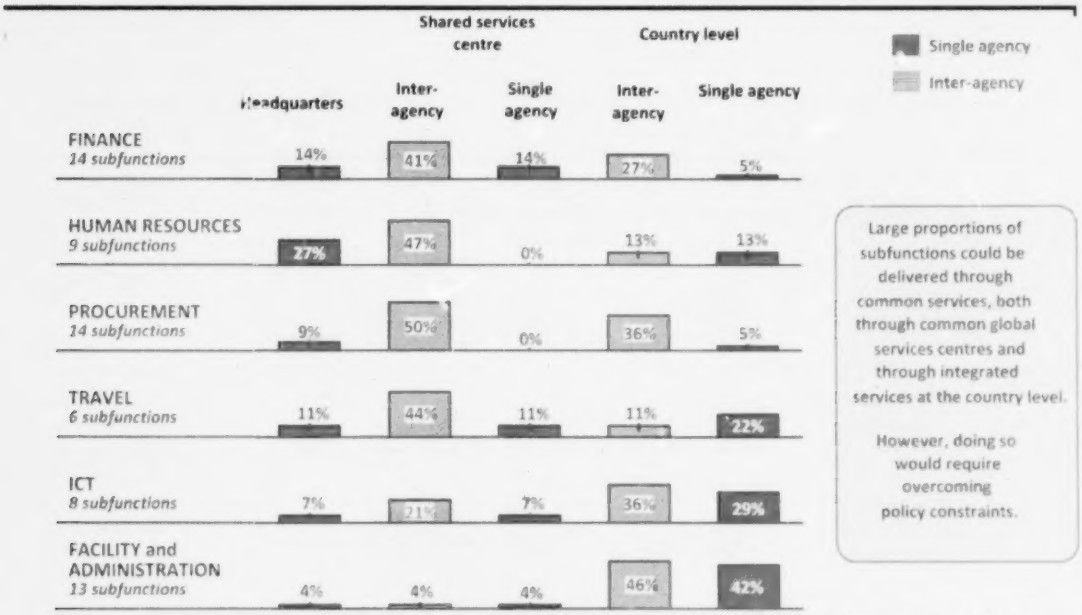

Administrative Subfunctions
1
Headquarters
Shared service centre
2
Country level
3
Global
3
Regional
3
Inter-agency
Single agency
Inter-agency
Single agency
Inter-agency
Single agency
Questions for consideration at "decision fork"
1
Is the function related to strategic direction, formulation of policy, oversight or leadership on stakeholder engagement?
Does the function require ongoing interaction (other than requests) with programme leadership/delivery functions?
Is there information transfer/decision-making that requires face-to-face interaction?
2
How important are the region-specific needs (e.g., timeliness of response within the same time zone, and regulatory, compliance and language requirements)?
3
Does this function need to be managed directly by each agency, for one or more of the following reasons:
Maintenance of internal controls (which cannot be delegated)
Confidentiality
Requirement to use ERP or other information technology systems (access cannot be provided)
Additional cost or investment not justifiable?

[56] Location-dependent describes functions that require local control, an ongoing programme interface or face-to-face interaction, and have to be delivered by country personnel. Location-independent describes functions that may be performed locally, but have the potential to be partially or fully consolidated or automated at a shared services centre or other delivery point.

113. The analysis indicates that a large proportion of subfunctions could be delivered through common services at either the global or country levels, as shown in figure VIII. Details of which specific subfunctions the framework indicates can be delivered on a shared basis are presented in annex I, figure II.

Figure VIII

Based on the framework, many functions could in theory be shared across United Nations entities, at both global and country levels

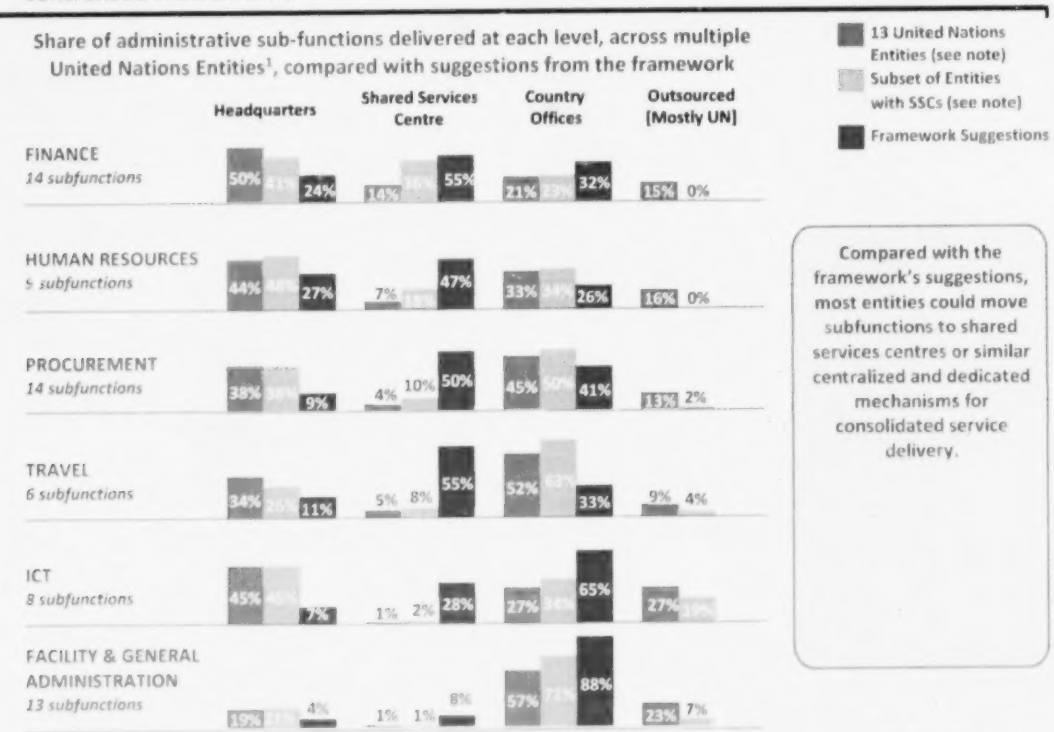


Based on responses from: FAO, ILO, OHCHR, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNIDO, UNOPS, UN-Women, WFP and WHO. Of these, five entities have shared services centres: FAO, UNDP, UNICEF, UNOPS and WHO. Note that when an agency marked multiple options for the level of a given subfunction, fractions of a point were allocated to each selected level.

114. JIU also requested organizations to map where functions are now carried out and 13 responded. Analysis of that data indicates that many subfunctions could be consolidated for centralized provision. Figure IX shows a far more limited requirement to carry out these functions at headquarters than is now the case, and significant scope for consolidation in a shared service environment in another location. For example, the figure shows that 38 per cent of procurement subfunctions are carried out at headquarters, while the analytic framework suggests that only 9 per cent need to be there. It also shows that 50 per cent could be placed in a shared service setting, in contrast to the current situation of about 4 per cent. When headquarters are in high cost locations, the labour arbitrage aspect, as well as operational efficiency gains, would form part of a business case.

Figure IX

More sub-functions could be delivered through shared services centres or similar centralized mechanisms


Share of administrative sub-functions delivered at each level, across multiple United Nations Entities[1], compared with suggestions from the framework
Headquarters
Shared Services Centre
Country Offices
Outsourced [Mostly UN]
13 United Nations Entities (see note)
Subset of Entities with SSCs (see note)
Framework Suggestions
FINANCE
14 subfunctions
50% 24% 14% 55% 21% 32% 15% 0%
HUMAN RESOURCES
5 subfunctions
44% 27% 7% 47% 33% 26% 16% 0%
PROCUREMENT
14 subfunctions
38% 9% 4% 10% 50% 45% 41% 13% 2%
TRAVEL
6 subfunctions
34% 11% 5% 8% 55% 52% 33% 9% 4%
ICT
8 subfunctions
45% 7% 1% 2% 28% 27% 65% 27%
FACILITY & GENERAL ADMINISTRATION
13 subfunctions
4% 1% 1% 8% 57% 88% 23% 7%
Compared with the framework's suggestions, most entities could move subfunctions to shared services centres or similar centralized and dedicated mechanisms for consolidated service delivery.

Note: Based on responses from FAO, ILO, OHCHR, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNIDO, UNOPS, UN Women, WFP and WHO. Of these, five entities have shared service centres: FAO, UNDP, UNICEF, UNOPS, WHO. Note that when an agency marked multiple options for the level of a given sub-function, fractions of a point were allocated to each selected level.

115. The data presented are illustrative, based on an aggregation of organization-specific information, not a prescription for individual entities of where specific subfunctions should be managed. It does, however, demonstrate broad scope for deeper collaboration globally and locally. **The Inspector emphasizes the need for all organizations to apply consistent and transparent methodology for determining what activities are location dependent and what services can be provided in common service settings, globally and locally.**

116. Questionnaire responses and interviews indicate that United Nations system entities do little outsourcing to commercial providers, with ICT and facilities management the most commonly outsourced business areas. In one of its reports,[57] JIU had outlined some of the challenges related to outsourcing, namely: respecting the international character of United Nations system organizations, assuring the necessary expertise to provide appropriate control and/or management of outsourced contracts, and avoiding a negative impact on the staff affected. It also drew attention to the value of outsourcing as a means to provide for cost savings and/or other important improvements in performing activities and providing services.

117. A simple decision framework contained in annex I, figure XII has been applied to the subfunctions identified. It suggests that there are far more opportunities to outsource, as shown in annex I, figure XIII.

118. The outsourcing of any specific service is not being suggested in the present report. **However, executive heads are urged to consider actively outsourcing as part of the available toolkit for accessing efficient services, given the availability of an extensive business process outsourcing industry.**

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[57] JIU/REP/1997/5.

V. MUTUAL RECOGNITION IS NOT MATURE

119. As defined by a task team established under the United Nations Sustainable Development Group, mutual recognition is a principle that allows agencies to use each other's processes without having to do additional due diligence to re-prove competitiveness, legal contracting or external auditing. It enables cross-agency service delivery by allowing United Nations system organizations to rely on one another's policies, procedures, tools and related operational mechanisms.[58] According to an earlier United Nations Development Group position paper, it is based on the premise that all United Nations agencies meet international audit and internal control standards and are regularly assessed against these standards. Therefore, using each other's systems and processes should not pose a risk to the agencies.[59]

120. The idea of mutual recognition by United Nations system entities of each other processes has gained currency as an important element of strategies to enhance efficiency and programme delivery through inter-agency cooperation. The appeal is not hard to understand. It allows agencies to use contracts and services available in the United Nations system without having to duplicate the administrative processes of full due diligence, and without the burdensome, time-consuming effort required to agree on harmonized regulations, rules and processes. The United Nations Sustainable Development Group task team also considers that mutual recognition can enable deeper forms of collaboration and integration, such as policy harmonization and capacity consolidation.[60]

121. The General Assembly gave encouragement to this approach by stating that entities within the United Nations development system should operate according to the principle of mutual recognition of best practices in terms of policies and procedures, with the aim of facilitating active collaboration across agencies and reducing transaction costs for Governments and collaborating agencies.[61] The Secretary-General's report on the repositioning of the United Nations development system stated that progress in common business operations at the country level was also contingent on progress on the mutual recognition of policies and procedures by entities of the United Nations development system.[62] Moving beyond hortatory statements is necessary, however, especially as it is not clear which "best practices" are meant to be applied.

122. Organizations were asked, as part of the review, whether they apply mutual recognition and in which contexts. By far, the greatest applicability is in the area of procurement. Since deciding in 2011 on the need to provide guidance on procurement cooperation among United Nations entities, the Procurement Network of the High-level Committee on Management has reached significant agreement on common use of long-term agreements, lifting restrictions on cooperation, enabling one entity to conduct procurement on behalf of others and waiving secondary reviews when cooperating with other United Nations entities.

123. Even in the area of procurement, not every organization applies mutual recognition. For example, the data collection for the review indicated that, among large field-based organizations, UNHCR and WFP did not apply mutual recognition. UNHCR subsequently advised that it had revised its rules and procedures in March 2018, which now need to be operationalized in the field. Nevertheless, the application of mutual recognition approaches, where agreed, is clearly a work in progress. Members of operations management teams drew attention to problems in using the long-term agreements of other organizations because of differences in delegated authority, as well as the need for secondary review. In no case was mutual recognition the basis for an organization to forgo its own procurement structure at the country level and to rely instead on the services of another entity. The differences among organizations in the level of

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[58] Business Innovations Group, "Report of Task Team 4 — mutual recognition, simplification and harmonization of policies" (20 October 2017), p. 2.
[59] United Nations Development Group, "UNDG position paper — the role of UN business operations for enhanced programme delivery under the SDGs" (23 May 2016), p. 5.
[60] Business Innovations Group, "Report of Task Team 4".
[61] See General Assembly resolution 71/243, para. 52.
[62] See A/72/684-E/2018/7, para. 44.

delegation of authority to the field need to be addressed in working through the application of mutual recognition.

124. In support areas other than procurement, there is a less well-articulated basis for mutual recognition as a method of country-level business. For example, each country presence that was interviewed mentioned impediments to cooperation on human resources, such as by drawing on the outcome of each other's selection process for staffing and consultancy, due to differences in rules and procedures.

125. Specific facets of cooperation that take place at the country level hinge, in practice, on mutual recognition, without being labelled as such. ILO, for example, indicates it now enables financial disbursement on its behalf by UNDP without supporting documentation. Beyond its very practical utility at the level of individual transactions, **what has not been defined is whether and how mutual recognition can provide a path to greater consolidation of country-level business operations.**

126. In developing and applying mutual recognition, it is also desirable to minimize the transaction costs associated with harmonization efforts. Even with respect to the palpable progress on procurement, the still incomplete journey has been in train for seven years.

Recommendation 7

The Secretary-General, in conjunction with other executive heads of entities with field-based programmes, should, by the end of 2020, develop a specific proposal that defines how to apply mutual recognition as a vehicle for capacity consolidation, so as to reduce redundancy and rationalize physical presence.

VI. EXPLORE A WIDER RANGE OF SERVICES

127. It would be too limiting an approach for attention on common back-office functions to focus disproportionately on transactional tasks. These represent a limited share of overall spending and have, historically, encountered barriers that have impeded effective cooperation. Opportunities in a broader set of operational services can also generate meaningful efficiencies because they intersect with programme requirements, which is where the major spending is, and are less fully bound up in enterprise resource planning based processes, rules and procedures. A feature of a revised approach is to consider drawing more systematically on specialized competencies developed by United Nations system organizations to provide services for other organizations.

A. Procurement

128. One area that continues to require more aggressive, leadership-driven approaches to joint activity is procurement. In 2017, the United Nations system procured approximately $18.6 billion in goods and services[63] according to the 2017 statistical report prepared by UNOPS. Since 2016, these reports have provided information on collaborative procurement.[64]

129. The report indicates that 14.2 per cent of procurement is done collaboratively, representing $2.6 billion. More than two thirds of all collaborative procurement is accounted for by UNICEF, reflecting its technical collaboration on standards and specifications with WHO and other organizations.

130. The overall procurement data presented do not indicate significant pooling of acquisition or consistently broad use of available long-term agreements. For example, the report indicates that of the $455 million reportedly spent on computer services, only 14.5 per cent was collaborative, even though this sector has more long-term agreements available than any other. In 18 product categories in which at least 25 organizations reported procurement activity — representing $7.2 billion — the reported collaborative share was 5.7 per cent.[65]

131. The scope for pooling requirements is smaller than the aggregates may suggest. Some 70 per cent of procurement is carried out by six organizations,[66] with UNICEF and WFP representing a third of the total. A significant proportion is considered by organizations, such as UNICEF, to be strategic procurement, for products which are not really acquired by others. Thus UNICEF acquisition of vaccines/biologicals, the acquisition by WFP of food products, procurement by UNFPA of products related to reproductive health are generally not replicated by other organizations. UNICEF advises that its approach looks beyond acquisition to include stimulating competition, broadening sources of supply and developing innovative contracting and collaboration with partners. This approach led to an increase in the number of suppliers for ready-to-use food from one to five.

132. Many challenges impede an informed perspective on the realizable opportunities for efficiency through common procurement. Sometimes products sound similar but programme requirements are in fact different (which the Procurement Network stated is the case with tents).[67] Given the relatively low level of reported collaborative procurement, even with the current broad definition of "collaborative", external advice not tied to the interests of any particular United Nations system procurement structure could be helpful.

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[63] UNOPS, *2017 Annual Statistical Report on United Nations Procurement* (Copenhagen, 2018), p. 13.

[64] In the report it is emphasized that the data are not precise because what is collaborative is generally not directly captured as such in the organizations' ERPs. Estimation is therefore required by the organizations.

[65] UNOPS, *2017 Annual Statistical Report on United Nations Procurement*, p. 71.

[66] UNDP, UNHCR, UNICEF, United Nations Secretariat, UNOPS and WFP.

[67] Procurement Network of the High-level Committee on Management, Procurement Process and Practice Harmonization in Support of Field Operations project (Phase 2 project).

133. **The Secretary-General and executive heads of United Nations system organizations are encouraged to consider retaining external expertise to assist with an assessment of efficiency gains from: deepening the practice of one organization providing procurement services for others, including providing procurement services for organizations with modest procurement needs;[68] and the system-wide use of electronic platforms developed by individual organizations for sourcing.**

B. Fleet management

134. The United Nations agencies, funds and programmes operate more than 20,000 light vehicles at a cost (including depreciation) of approximately $300 million annually.[69] The Inspector draws attention to initiatives at global and country levels that merit analysis for wider applicability.

135. At the global level, UNHCR and WFP operate internal vehicle leasing schemes through a centralized function that provides central support from requirements planning, acquisition, tyre support, vehicle tracking using a global positioning system technology and maintenance, all the way to asset disposal. UNICEF is now examining the feasibility of adopting transport as a service approach, including the possibility of another entity providing the service on its behalf, rather than owning and operating its own fleet of 2,700 vehicles. **The business case for wider application of these approaches should be developed further so as to consider offering the service to others.** This could include attention to the full service chain, from global leasing to local fleet management.

136. At the country level, the United Nations Development Group has drawn attention to the benefits of fleet sharing as a way to make more effective use of vehicle assets, reducing fleet size and associated costs, and improving road safety and performance.[70] It is suggested, in the proof of concept paper, that annual savings of $30 million are possible, primarily through right-sizing fleet.[71] **The opportunities for fleet sharing at country level should be explored further, with particular attention to lessons learned on the management and governance arrangements required.**

C. Asset disposal

137. Field-based organizations deploy expensive assets such as vehicles and information technology equipment. WFP drew the Inspector's attention to the expertise that UNHCR had developed in the disposal of vehicles through centrally planned and supported local auctions. WFP chose to piggyback on the approach of UNHCR rather than build its own system for public auction and, in a particular case, generated $3 million in revenue that it considered might otherwise have been largely forgone. UNHCR advises that, during 2017, it generated $10 million in revenue through the disposal of assets — vehicles in particular — that, based on previous methodologies, would not have generated much more than $1 million.[72] **The Inspector urges the United Nations High Commissioner for Refugees to consider putting forward a business case as to whether this is a service that UNHCR could provide on behalf of others in the United Nations system.** This, too, can be connected to a wider service chain that includes asset planning, and management, as well as disposal.

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[68] 19 United Nations system structures procure less than $50 million annually (UNOPS, *2017 Annual Statistical Report*, p. 19).

[69] Luigi Demunnik, "United Nations fleet sharing: proof of concept — evaluation report" (2017).

[70] United Nations Development Group, "Moving together with UN fleet sharing — guidance for setting up and operating a carpool system" (2017).

[71] Demunnik, "United Nations fleet sharing", p. 10.

[72] Interview, UNHCR Supply Division, 21 June 2018.

VII. FACTORS FOR DEFINING THE SERVICE DELIVERY MODEL

138. Future arrangements need to be built on what works, not on settling for what is currently available internally. A central question is whether there are modern United Nations system service providers able and willing to provide services at global and local levels. This remains to be demonstrated.

A. Consider designating a default service provider at the country level

139. A theme expressed during interviews at agency headquarters is the need to tailor country arrangements on a case-by-case basis depending partly on who has the scale and capacity. The merit of fostering a competitive environment to drive efficiency is also expressed. On its face, this may appear to make sense, although why United Nations entities with substantive mandates would compete to provide administrative services is a question.

140. The Inspector urges great caution on such an approach. It is important to avoid excessive fragmentation resulting from a bottom-up assessment of agency-specific comparative advantage at country level. The notion of carrying out 120-odd analyses, service line by service line, agency by agency, and negotiating terms and conditions is a daunting bureaucratic prospect. Engagement of multiple providers of services for different countries may result in excessive complexity, system interface challenges and operational fragmentation. The challenges of tailor-made, bottom-up approaches are illustrated in the case of the Joint Operations Facility in Brazil discussed above. It should be noted that, at the country level, service provision for other agencies is not a big business. UNDP advises that over the last eight years, country-level cost recovery for service provision to agencies has ranged between $15 million and $18 million. This may increase if service providers offered more services to entities that had previously provided their own.

141. A **default service provider for services in all countries should be designated, with the exception considered when the default provider is not equipped to do it.** The predictability of the task could also support the professionalism and efficiency of the provider and facilitate planning of country team configurations. This should not preclude internal arrangements agreed with the service provider under which another agency could provide a service if, in the circumstance, it has a particular competence.

B. Clarify expectations of UNDP and UNOPS

142. The Secretary-General envisages a particular service role for UNDP. In his first report on repositioning, he said that the global operational platform and service capacity of UNDP were valuable assets that must be built upon and leveraged.[73] He subsequently said, in connection with reform of the resident coordinator system, that UNDP would continue to provide back-office support to resident coordinators and their offices, including all administrative and operational requirements related to the coordination function, on the basis of a fee-for-service model.[74] And the General Assembly asked that repositioning be carried out with due attention to the role of a responsive UNDP as the support platform of the United Nations development system.[75] **How operational support for the resident coordinator system connects with current planning for common services more generally remains to be defined.**

143. The present review has not carried out an assessment of the capacity of United Nations entities to provide services to others. Nevertheless, given the historic role played by UNDP as a service provider, this review of inter-agency cooperation inevitably included dozens of interviews, with clients and UNDP personnel alike, at headquarters and country level, in which interlocutors expressed views based on their experience with UNDP as a service provider. Very recent reviews by the Independent Evaluation Office and the Internal Audit Office of UNDP also offer insight on relevant issues. Several observations based on these interviews and reviews are offered.

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[73] See A/72/124-E/2018/3, para. 50.
[74] See A/72/684-E/2018/7, para. 71.
[75] See General Assembly resolution 72/279, para. 32.

144. First is to acknowledge the historic function of UNDP as a default service provider, having been asked by Administrative Committee on Coordination (predecessor to the CEB) to play that part, and the underpinning it has offered — and continues to offer — in terms of presence, host country agreements, government relations, credibility with host authorities, banking arrangements and administrative systems. One client organization's head of administration noted that all this had been taken for granted, not explicitly valued — something that needed to be corrected.

145. A related observation is the place of UNDP as the connective tissue of the United Nations development system. Many interviews drew out how the presence and the ability and willingness to provide services of UNDP has been a critical enabler of the engagement of those organizations in many countries. Almost without exception, UNDP is identified at the country level as a key driver of inter-agency collaborative initiatives.

146. At the same time, many country-level interlocutors spoke about the many challenges. They felt constrained by a lack of viable alternatives. UNDP representatives also indicated that they lacked corporate tools to support customer relationship management, with one country director seeking to borrow a staff member from Asia to come to Africa to build a tool that had been applied there. In terms of service complaints, UNDP country-level interlocutors pointed out that challenges often resulted from poor planning on the part of clients.

147. **To become equipped to meet the reasonable expectations of a service provider, UNDP should, inter alia: treat service provision as a priority function with accountability for its discharge; clarify the ownership of service delivery;[76] clarify the role and leadership of its shared service structures; introduce customer support tools and key performance indicators; improve internal efficiency by examining options for the consolidation of service delivery; and cooperate with others on governance arrangements that foster equal treatment for all. Such measures may have technical elements, but they would represent a change in culture that will require determined leadership and strong executive board support to realize.**

148. A different enigma is presented by UNOPS. Where does this entity, which has been defined as a service provider without a substantive mandate, fit in the evolving United Nations system service delivery landscape? UNOPS advises that it does not consider that it has a unique comparative advantage for activities such as country-level facilities management but believes that it can offer a variety of other services.

149. The Inspector does not offer a view on what contribution, if any, UNOPS should make. However, it is important that a high functioning United Nations system entity established solely to be a service provider be fully engaged and drawn upon in accordance with its capacities and responsibility as an organization falling under the authority of the General Assembly.

Recommendation 8

The Secretary-General should work with the Executive Director of UNOPS to ensure that the capacities of the Office to provide services are also fully considered in the formulation of administrative support service arrangements.

150. **The Administrator of UNDP and the Executive Director of UNOPS should also develop cooperative arrangements, as justified by their respective strengths.**

C. Measure the performance of service providers

151. As important as performance monitoring and reporting is for service providers who serve internal clients, it is even more so in an inter-agency shared environment, especially when that represents a change from past practice. In questionnaire responses and interviews for the review, organizations that lack the scale to operate their own systems have emphasized that what they look for in United Nations system service providers is

[76] The country directors report to the geographic bureaux, but the Bureau for Management Services oversees the policy. The latter should have horizontal authority to define standards and review performance.

quality, responsiveness, equal treatment and transparency in costing. It is therefore very important for clients and service providers to have a shared understanding of their respective obligations, and for service provision to be monitored and assessed in relation to objective criteria.

152. The Business Innovations Group established by the United Nations Sustainable Development Group will doubtless devote detailed attention to designing the performance management aspects of future common service arrangements in view of the emphasis that the Secretary-General has placed on qualitative objectives. The Inspector offers a few observations that could be taken into account.

153. The importance of planning for adequate tools and systems for performance measurement is emphasized. The recent review of the experience with services centres found a great diversity of readiness for that, with excessive reliance on Excel spreadsheets and laborious manual extraction of data from a variety of systems.[77] During the review, country-level service providers indicated that they were even less well equipped with tools, such as customer relationship management platforms, to manage and monitor service performance. **In planning for performance management, priority should be attached to collecting data as part of ongoing operations, rather than relying on unstructured data, such as tables constructed and managed by individual units. Attention should also be given to data analysis, so that insights on performance can drive future improvements.**

154. To enable a shared understanding between clients and service providers, service level agreements can be of great value. They make it more natural to serve clients on the same basis because prices and service levels are stated, the client's responsibilities are defined, and both parties have a framework within which to collaborate on defining the kind and standard of service needed. The pricing of services, based on the estimation of actual costs, will enable judgments on the value received and consideration of alternate service arrangements, as required.

155. A judicious approach to key performance indicators is required. They should be actionable, relatively few in number, easy to understand and context driven, so that users can see how their performance relates to defined targets. They also need to be relevant in the sense of being anchored to real world experience, and should be updated periodically; a key performance indicator target based on what service providers can manage may sometimes be a necessary starting point, but should be benchmarked with the experience of other providers as a reference point to encourage further improvement.

156. Finally, visibility of the cost of services is important. United Nations system organizations tend not to cost their administrative products and report instead on a range of other measures. **The Inspector believes it would be a good discipline to define and cost the outputs of the service functions because this would strengthen the focus on results rather than on managing inputs, improve transparency and provide a stronger basis for decision-making.**

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[77] See JIU/REP/2016/11, para. 65.

VIII. ENABLING INTER-AGENCY MECHANISMS NEED ATTENTION

A. Resourcing for innovation on common business operations needs new consideration

157. Inter-agency coordination mechanisms such as the High-level Committee on Management play an important role in common business operations because they clarify the enabling regulatory and administrative framework for cooperation and develop specific tools and platforms for mutual benefit. In this context, attention is drawn to two issues.

158. One is the significant profile of voluntary funding in the development of common business operations. In the context of "Delivering as One", the CEB/High-level Committee on Management established a Trust Fund for the Harmonization of Business Practices. Many of the initiatives of the High-level Committee on Management on collaborative business arrangements to bolster support at the country level over the past eight years have drawn on that trust fund. The secretariat of the Committee indicated that it had disbursed the $10 million that it had received.

159. The Development Operations Coordination Office also administers voluntary contributions through a "Delivering Together" facility with multiple windows, which includes innovation on operations. It previously had access to resources mobilized to support "Delivering as One". These resources were drawn upon, for example, by the Joint Operations Facility in Brazil at moments critical to its development.

160. Consideration of efficient and improved integrated service arrangements will need to address the requirement for seed funding at both corporate and country levels. The exhaustion of the trust fund of the High-level Committee on Management makes it timely to consider the best ways of providing for innovation on collaborative business arrangements.

161. **The Secretary-General should assess, in consultation with other executive heads, within the frameworks he considers appropriate, the resource requirements to seed and develop innovation for inter-agency cooperation in business operations.**

B. Inter-agency work on common business operations can be improved

162. The second point is that inter-agency mechanisms need to be more effective in advancing common business operations. This is not to diminish the significant results that have been achieved in some areas. For example, work on common treasury services laid the basis, according to the High-level Committee on Management, for a coordinated approach to banking and for a common foreign exchange platform that it reported saves more than $20 million a year.[78]

163. Significant work has also been done to harmonize procurement rules and procedures, to such an extent that the High-level Committee on Management asserted that all obstacles to collaboration in the area of procurement had been removed.[79] Guidelines to support collaborative country-level procurement had been developed. The establishment and further development of the United Nations Global Marketplace had led to a major increase in the number of registered vendors, including from developing countries. It is used at the country level by participating organizations as an efficiency driver; the operations manager in Africa for WHO advised that WHO had realized savings of $1.6 million by listing its requirements on the Global Marketplace rather than relying, as had been the practice, only on local vendors.

164. Despite valuable results, the reality on the ground is that differences in rules and procedures continue to inhibit common business operations. For all the progress on policies to enable common procurement, not much of it is done. Operations management teams interviewed during this review said that they were stymied by different levels of delegated authority and the need for secondary review. The decision by the Brazil Joint Operations Facility to develop its own procurement manual rather than use an already agreed product, and

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[78] CEB/2016/HLCM/3, p. 16.

[79] See CEB/2013/5, Attachment 2, para. 33.

subsequent stipulations requiring agency-specific procurement procedures in this flagship initiative, suggest unfinished business on procurement harmonization (see box 1).

165. As regards human resources, years were spent piloting joint local staff recruitment — an innovative effort given the different human resources procedures that organizations apply. UNESCO led the development of a proposal that surfaced in 2014 outlining an approach some organizations thought had value but others could not join. As a practical matter, while the initiative may still be on the books, it has virtually disappeared and is not being applied.

166. The connection between what is developed horizontally and then transmitted vertically into the organizations and out to the field is imperfect at best. **The High-level Committee on Management and the United Nations Sustainable Development Group should communicate business innovations more effectively to the field level and executive heads should strengthen the accountability for carrying out, within their organizations, cooperative arrangements agreed upon in the High-level Committee on Management.**

167. An important headquarters-led initiative to purchase vehicles jointly involved six years of effort and more than $1 million in preparatory work. Still, one of the major vehicle users — UNHCR — pointed out that it had been unable to make full use of the new contracts because they were inferior to the ones that it had already established and it did not make economic sense to switch. UNOPS, an active provider of vehicles, was not a participant in the exercise.

168. Some network chairs advised that there was little executive head leadership to direct a results focus or to value participation in inter-agency work. **The changes made by the Secretary-General in how CEB conducts its work should not lead to decreased attention by leadership in defining the desired results of business operations reform. The Secretary-General and counterparts in CEB should support the prioritization of purposeful collaboration to improve business operations, define the transformational changes required and strengthen accountability for contributions to these inter-agency efforts.**

169. One of the great attributes of the functional network model is that initiatives are more likely to be implemented. But, while the focus on functional areas has positive attributes, it has limitations as well. It may inhibit consideration of consolidating structures and service delivery and of the cross-functional lens required for an end-to-end analysis of many business operations.

Recommendation 9

The Secretary-General, in consultation with United Nations System Chief Executives Board for Coordination and the United Nations Sustainable Development Group, should review the inter-agency mechanisms to support cooperation on common business operations to ensure that they provide for the articulation between global and country-level measures, clear priority setting and methods of work conducive to results. The findings and measures taken should be reported to the Economic and Social Council at its 2020 session and to the General Assembly at its seventy-fourth session.

IX. THE ROAD AHEAD

170. In charting the road ahead, decision makers will doubtless have as a point of departure appreciation of the complexity of the United Nations system and its business operations. It will not be easy to make a major leap in advancing common business operations. Achieving progress will depend heavily on an evidence base to demonstrate the benefits, sustained leadership for a long-term process and the willingness of organizations to yield some control. The point is not to discourage ambition, but rather to flag the need for the level of ambition and the level of commitment and effort to be aligned. In a long-term and complex process, it would be illusory to imagine a progressive cascade of efficiency gains and savings because concomitant investment in capacity, technology, systems and change management will also be required. Furthermore, the efficiencies that are realized may in some cases be one-off, not cashable, depending partly on whether they stem from earmarked contributions or can be reallocated for other purposes.

171. The analysis in the present report shows that the opportunities for efficiency gains are significant and that results to date have been limited. It also emphasizes the importance of fully integrating qualitative considerations into the development of efficiency measures. An integrated series of measures that are not mutually exclusive are recommended. They would apply more widely the joint office for small United Nations country teams; pilot a hosting model to overcome differences in rules and procedures; task a small group of large entities to devise an integrated service approach; and refocus the broader cooperation among United Nations country teams on business operations to more limited and productive areas. Measures to provide the enabling regulatory and administrative frameworks that such cooperation requires are also recommended.

172. As work proceeds in this complex setting, country-level support of non-resident agencies needs to be factored into the design. The Office of the High Commissioner for Human Rights, for example, advises that its ability to access services from UNDP has been a critical enabler of its country-level work. The envisaged reconfiguration of United Nations country teams is likely to make such needs even more important.

173. Attention will also need to be paid to setting the right incentive framework. At the country level, as indicated in paragraph 106, such incentives are not in evidence. Making efficiency savings available for local redeployment into programmes would help, but that is not the only challenge. Cooperation in business operations cannot and should not be an add on to the regular portfolio of operational managers. It should be part of the performance assessment and accordingly recognized for its delivery and failures.

174. It is also relevant to re-emphasize that a singular focus on cooperation at the country level has not worked since business operations are components of an integrated structure. A concrete example is the decision on whether to carry out a function locally or from a centralized platform. Organizations need to be clear on what is location dependent, while recognizing that location dependency will evolve as technology advances. Only functions that need to remain in-country should remain there. **The United Nations Sustainable Development Group and its Business Innovations Group should develop a shared understanding of what functions need to be carried out locally and which should be moved, as this would provide a clearer basis to define common services for what remains at the country level.** The judgment of location dependence is not always clear cut. Some organizations adopt what they consider to be a blended approach in which policies, processes and system integration are carried out by headquarters or global providers, while country offices provide downstream service components.

175. Emphasis by some organizations on decentralization need not overly complicate objective consideration of the location dependence of support functions. Such decentralized governance or policy requirements are not incompatible with a corporate view on how to maximize efficiency. The devolution of programmatic decision-making no longer requires a fully parallel administrative devolution. This can be borne in mind by, among others, UNDP, UNHCR and WHO. Regarding WHO, with the appointment of a Deputy Director-General to oversee operations, it is hoped that there will be more opportunity to apply a global approach to administrative support management.

176. It would be a mistake to continue to focus efforts towards common business operations at the country level. A global strategy in which country-level back offices are to be situated is required. The General Assembly recognized the need for an integrated approach in its call for common support services at the country,

regional and global levels.[80] The problem is that hitherto virtually no analysis to chart a path forward has been done on shared services among organizations at the global level, perhaps reflecting the past focus on country-level arrangements. It is now time to act on that General Assembly request. The Secretary-General appears to be moving in this direction, however guardedly, by stating that the focus will be on business operations on the ground, while noting that a redesign of headquarters may be required.[81] **The country and global-level opportunities should be assessed in conjunction with each other so as to provide for a more optimal interface for the country level, to benefit from economies of scale in global service provision and to enable organizations without internal shared service capacities to access such platforms.**

177. Six United Nations system organizations have developed shared services centres that could offer services for other entities, and could move towards consolidation over time. The Secretary-General intends to explore the possible consolidation of location-independent services into six or seven networks of shared services centres.[82] **The Inspector urges that the consideration and design of optimized arrangements for the delivery of location-independent services proceed.**

178. Hitherto, there has been no mechanism for carrying this work forward. JIU had urged the High-level Committee on Management to develop a horizontal work stream on service centres to drive deeper collaboration,[83] but this has not materialized. A variety of configurations can be envisaged, depending on business cases, the scope of services defined, and appetite and capacity for change A practical way forward would be to draw the right organizations together in a shared services board or forum to: develop the business case for and operational design of global shared services, with options related to scope and complexity; define the functionalities that an inter-agency shared services environment should enable; consider the appropriate mix of United Nations system and commercial provider capabilities; and make recommendations on the integration of emerging technologies into service arrangements. It could also establish minimum criteria for United Nations system services centres in terms of a range of services, customer relationship management, operating independence, mechanisms to manage customers, performance management and governance.

Recommendation 10

The Secretary-General and the executive heads of organizations that operate global, multifunctional shared services centres or envisage one (FAO, the Secretariat, UNDP, UNHCR, UNICEF, UNOPS and WHO) and of WFP, as well as other executive heads willing to participate, should, by the end of 2019, constitute a shared services board to develop the business case for and operational design of global shared services.

179. Such a board should not only engage service providers, but also service recipients. The Inspector emphasizes the importance of carrying out the analysis and design of shared services arrangements, not the specific mechanism for doing so. It will be important to take account of evolving technology that can automate processes through robotics, artificial intelligence, machine learning and other emerging technologies and enable business analytics that can drive organizational improvement. The fourth Industrial Revolution is in progress, therefore, it is important to apply a forward-looking perspective to the design of shared services.

180. Internal efficiency improvements should not await cooperative results. In terms of internal arrangements, attention is drawn to three points:

- The importance of simplified and streamlined processes as an enabler of efficiency. The value of improving business processes is illustrated in the current experience of ILO, where the Director-General informed the Governing Body in early 2018 that $58 million had been released from programme support functions as a result of improved processes;[84]

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[80] See General Assembly resolution 67/226, para. 155.
[81] See A/72/684-E/2017/7, para. 47.
[82] Ibid.
[83] See JIU/REP/2016/11, para. 127.
[84] GB.329/PV, p. 205.

- Ongoing work by UNICEF and FAO to review business processes and to consolidate delivery where this creates benefits of scale and standardization illustrates a useful approach. They both empower their service centres to drive change, with governance oversight;
- The need for an end-to-end view of processes, not just functional slices. **Recalling that the establishment of its service centre in Budapest involved, for the most part, outposting certain functions,[85] UNHCR is urged to ensure that internal realignments now being considered also provide for an analysis of end-to-end business processes to ensure that they are efficient and support a clear view of how best and where to carry them out.** UNHCR advises that the simplification of core human resources processes now underway indeed entails a "breaking-the-silos" approach.

181. In a United Nations system that is more a loose federation than a system, the road ahead has many possible forks. In terms of cooperation on administrative support services, no one is now equipped to point to a single right answer. However, the current opportunity to frame a comprehensive and common understanding of the opportunity for rational provision of these services should be seized.

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[85] JIU/REP/2016/11.

Annex I
Supplementary data

Figure I Administrative functions and subfunctions

Finance	Human resources	Procurement	Travel	ICT	Facility and general administration
Finance strategy and planning	Human resources strategy and policy	Procurement strategy and policy setting	Travel policies	ICT strategy and policy setting	Facility policy setting
Budget and forecasting	Benefits and entitlements	Vendor identification/ pre-screening	Travel coordination/planning	Application development	Leasing of premises
General accounting	Job advertisements	Vendor registration	Travel authorization	End-user support (help desk)	Office maintenance
Treasury	Pre-screening and roster management	Vendor management	Travel purchasing	Building/maintaining IT infrastructure	Reception
Accounts payable	Interviewing candidates	Sourcing and RFP authoring	Vehicle leasing/rental	Telecommunication	Cafeteria services
Accounts receivable	Reference checks	Contracting / LTAs	Fleet management	ISP	Mail and pouch
Payroll	On-boarding/off-boarding	Negotiating		Maintenance of IT hardware	Protocol services
DSA, incentives and fees	Training and development	Requisitioning		ICT training	Facility insurance
Management reporting	Performance management	Purchase order			Asset management
Financial reporting		Invoicing and payment			Security
Value added tax		Freight forwarding			Event management/ conferences
Banking maintenance		Custom clearance			Translation
Micro assessment of vendors		Compliance management			Vehicle/fleet maintenance and fuel
Business financial analysis		Performance management			

Figure II Scope for shared services by subfunction

x Primary modality

x Alternative modality

x Complementing modality

Finance	Head-quarters	Global shared services		Regional shared services		Country		Comments
		Inter-agency	Single agency	Inter-agency	Single agency	Inter-agency	Single agency	
Finance strategy and planning	x							Strategic function
Budget and forecasting — entity-wide	x							Oversight required by headquarters
Budget and forecasting — Local							x	Requires ongoing interaction with programmes
General accounting		x						IOM provides accounting support through Manila Administrative Centre; function skills are common
Treasury		x	x					Closely linked to A/P, A/R and VAT; losing control and data security issues when outsourced, but can be overcome
Accounts payable		x						FAO provides function via GSSC; function skills are common
Accounts payable — local vendors/low value						x		May require face-to-face interaction
Accounts receivable		x						Function skills are common
Accounts receivable — local partners						x		May require face-to-face interaction
Payroll		x						Function skills are common
DSA, incentives and fees		x						UNDP provides function via GSSU; function skills are common
Management reporting		x	x					As more countries have joint programmes, function may shift to inter-agency modality
Financial reporting	x					x		Oversight required by headquarters; common support skills required
VAT		x				x		Closely linked to A/P; processing can be done at GSSC and face-to-face submission at country level
Banking maintenance						x		Requires face-to-face interaction
Micro assessment of vendors						x		Requires face-to-face interaction
Business financial analysis		x	x					Linked to general accounting and treasury

Human resources	Head-quarters	Global shared services		Regional shared services		Country		Comments
		Inter-agency	Single agency	Inter-agency	Single agency	Inter-agency	Single agency	
HR strategy and policy setting	X							Strategic function
Benefits and entitlements	X							Strategic function
Job advertisements				X				May require local knowledge (e.g., local newspapers) and language skills
Pre-screening and roster management				X				May require local knowledge (e.g., schools, companies) and language skills
Interviewing candidates				X			X	First interviews may be conducted by the regional SSC
Reference checks				X				May require local knowledge (e.g., schools, companies) and language skills
On-boarding/off-boarding	X	X		X		X		Function is applicable to all modalities; at the country level, Fiji (Island States) currently does common on-boarding through business operating strategy
Training and development online		X						Online tool can be shared across agencies
Training and development on-site						X		Requires face-to-face interaction
Performance management	X						X	Requires oversight of employees by the management team

Alternative modality: to be used in case of hindered implementation due to lack of harmonization of rules; complementing modality: additional accountability.

x Primary modality

x Alternative modality

x Complementing modality

Procurement	Head-quarters	Global shared services		Regional shared services		Country		Comments
		Inter-agency	Single agency	Inter-agency	- Single agency	Inter-agency	Single agency	
Procurement strategy and policy setting	x							Strategic function
Vendor identification/ pre-screening — global vendors		x						Function requires common skills
Vendor identification/pre-s vendors						x		May require face-to-face interaction
Vendor registration		x				x		Function requires common skills and collaboration with country teams
Vendor management — global vendors		x						Function requires common skills; vendor management systems are replicable across entities
Vendor management — local vendors						x		May require face-to-face interaction
Sourcing and RFP authoring		x				x	x	Programme-related sourcing to be done at level; integrated service delivery shifts the function to an inter-agency modality at the country and global level
Contracting/LTAs — global vendors		x						Function requires common skills
Contracting/LTAs — local vendors						x		May require face-to-face interaction
Negotiating — global vendors		x						Function requires common skills
Negotiating — local vendors						x		May require face-to-face interaction
Requisitioning		x						Function requires common skills
Purchase order		x						Function requires common skills
Invoicing and payment				x				May require language skills and working a Sunday to Thursday week
Freight forwarding				x				May require language skills and working on a Sunday
Custom clearance						x		Function requires common skills
Compliance management				x				Function requires common skills; may require language skills and working a Sunday to Thursday week
Performance management	x					x		Requires oversight of vendors by the management team

X Primary modality
X **Alternative modality**
X Complementing modality

Travel	Head-quarters	Global shared services		Regional shared services		Country		Comments
		Inter-agency	Single agency	Inter-agency	Single agency	Inter-agency	Single agency	
Travel policies	X							Strategic function
Travel coordination/ planning				X				Linked to travel purchasing
Travel authorization							X	Authorization comes from entity management
Travel purchasing		X		X				Requires relationships with local travel agencies, hotels and airline companies
Vehicle leasing/rental		X						WFP has a global vehicle leasing programme
Fleet management		X	X			X	X	UNICEF, UNFPA and UNDP are planning a pilot for pooling vehicles at the country level. It can be expanded to the global level
ICT								
ICT strategy and policy setting	X							Strategic function
Application development		X	X					An inter-agency structure can act as a centre of scope and excellence, but may require harmonized systems
End-user support (help desk)				X				A regional structure solves the time zone and language issues
Building/maintaining IT infrastructure						X	X	
Telecommunication						X	X	Require face-to-face interaction; functions require a common premise to be shared
ISP						X	X	
Maintenance of IT hardware						X	X	
ICT training (e.g., for new devices) — online training		X						Online system can serve multiple agencies
ICT training (e.g., for new devices) — on-site training						X		Requires face-to-face face interaction

Alternative modality: to be used in case of hindered implementation due to lack of harmonization of rules; complementing modality: additional accountability.

X Primary modality

X Alternative modality

X Complementing modality

Facility and general administration	Head-quarters	Global shared services		Regional shared services		Country		Comments
		Inter-agency	Single agency	Inter-agency	Single agency	Inter-agency	Single agency	
Facility policy setting	X							Strategic function
Leasing of premises						X	X	
Office maintenance						X	X	
Reception						X	X	Require face-to-to face interaction; functions require a common premise to be shared
Cafeteria services						X	X	
Mail and pouch						X	X	
Protocol services						X	X	
Facility insurance						X	X	
[redacted]						X	X	Global oversight of assets at the GSSC level, and local management of assets at the country level; linked to financial reporting
Security						X	X	Requires face-to-face interaction; function requires a common premise to be shared
Event management/ conferences						X	X	Requires face-to-face interaction; function requires a common premise to be shared
Translation						X		A common translation LTA can be used across agencies in a country
Vehicle/fleet maintenance and fuel						X	X	Requires face-to-face interaction; function requires a common premise to be shared

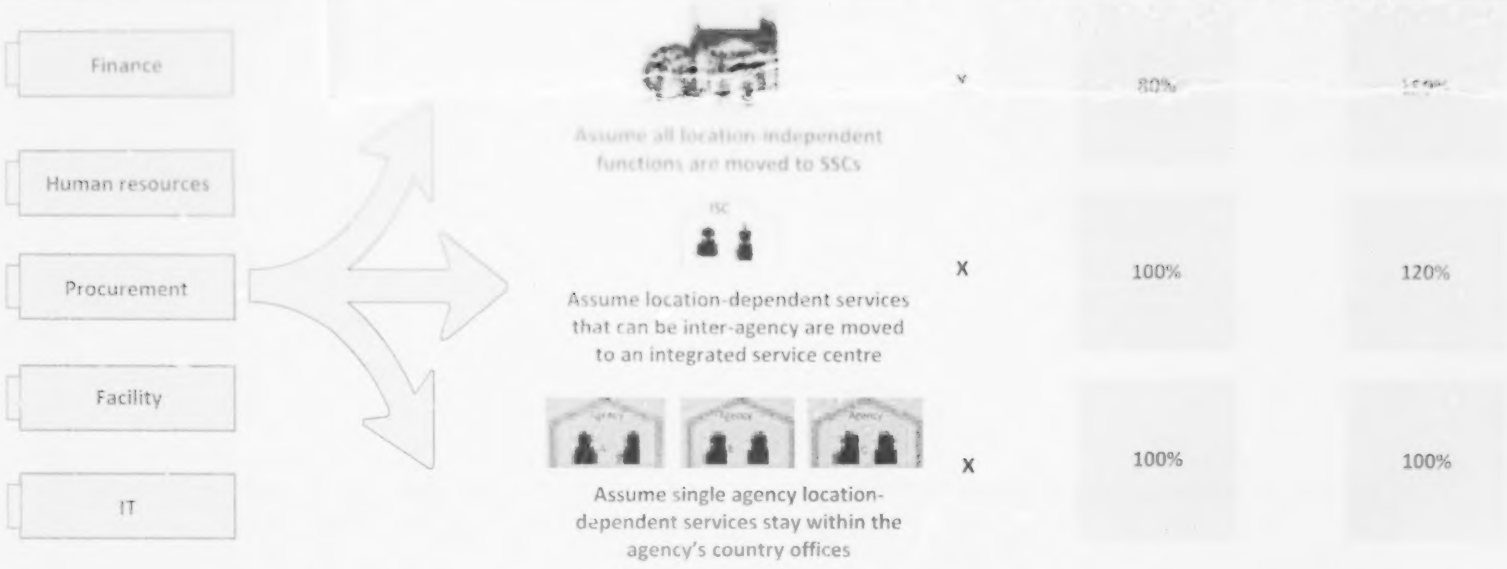
Alternative modality: to be used in case of hindered implementation due to lack of harmonization of rules; complementing modality: additional accountability.

Figure III Analysis of potential efficiencies in sample countries

Assumptions

Country office administrative posts for location-independent functions are transferred to a shared services centre and many posts that work on location-dependent functions are shifted to an inter-agency integrated service centre.

Posts in the shared services centre cost 80% less and are 1.5 times more efficient. Posts in the integrated service centre are 1.2 times more efficient than country office posts[1].


Headcount and cost inputs for all agencies at the country
Finance
Human resources
Procurement
Facility
IT
Identify potential for reallocation based on functions
Assume all location-independent functions are moved to SSCs
ISC
Assume location-dependent services that can be inter-agency are moved to an integrated service centre
Assume single agency location-dependent services stay within the agency's country offices
X
X
Apply cost multipliers for posts moving out of country[1]
80%
100%
100%
Apply efficiency multipliers for SSCs and ISCs[1]
120%
100%

Apply to administrative staffing in three sample countries — yielding savings estimates of 8-15%, 8-15% and 3-9%

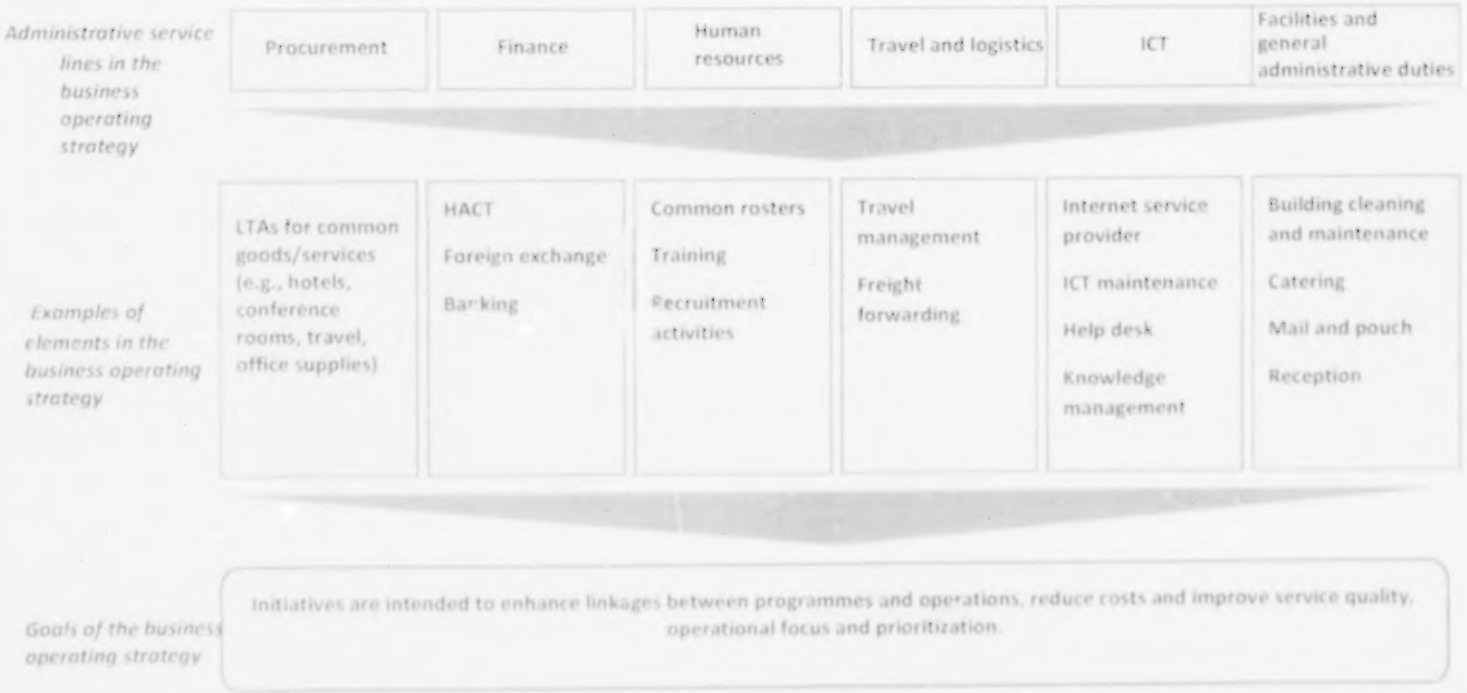
▶ *Estimated savings potential*

5-15%

Notes: (1) The values chosen for the cost and efficiency multipliers are educated guesses for the purpose of this estimation exercise.

Sources: Data provided to the Secretary-General by 10 organizations in the context of his preparation of reports on the repositioning of the United Nations development system.

Figure IV Business operations strategies framework



Source: UNDG BOS Guidance 2016; responses to JIU questionnaire and interviews with selected United Nations country teams; and BOS mid-term evaluation 2015.

Figure IV (continued)

The business operating strategy does ...	The business operating strategy does not ...
• Provide tools to improve inter-agency collaboration in procurement, ICT, human resources, finance, logistics and common facility services; • Aim to improve collaboration among agencies; • Build on the existing governance structures within the country; • Act as a voluntary framework as agencies can opt in/out of initiatives; • Introduce a methodology to track performance indicators across collaboration areas.	• Provide tools to improve inter-agency collaboration in programme delivery and host government relationships; • Aim to improve integration among agencies; • Seek to replace any existing governance structures within the country; • Mandate agencies to undertake a minimum set of initiatives; • Provide an inter-country standardized platform to track the performance indicators.

Figure V Examples of collaborative methods

Collaborative methods	Examples and notes
United Nations country teams identify one entity from within the team to lead the provision of functional services on behalf of the others.	e.g., in country A, agency A manages the common premises and provides reception services.
Entities within a United Nations country team create a joint functional team to provide shared services (including an integrated structure).	e.g., in country B, the ICT focal points across all agencies made significant progress in procuring ICT-related long-term agreements and harmonizing infrastructure.
Entities within a United Nations country team agree to use existing long-term agreements that other entities within the team have with external service providers ("piggybacking").	e.g., in country C, agency B's long-term agreement for commercial warehouses was expanded to other entities.
Entities within a United Nations country team establish new joint long-term agreements with external service providers through a "lead agency" approach.	e.g., in country D, entities established long-term agreements for air travel, vehicle maintenance, catering services, among others.
Entities within a United Nations country team provide their own services but share tools, advice and know-how (e.g., vendor rosters, specifications).	e.g., in many BOS countries, entities share a common consultant roster

Source: Responses to the JIU questionnaire.
Note: Data are shown for collaboration methods currently under implementation; some countries reported additional methods that are planned but not yet implemented, mainly in the ICT function.

Figure VI Business operations strategies — results achieved

Achievements	Procure-ment	Finance	Human resources	Travel	ICT	Facility and general	Total
Cost savings through reductions in the number of personnel	2	0	1	0	1	0	4 *(2%)*
Cost savings through reductions in the work required, allowing personnel to devote time to other tasks	12	4	4	7	9	9	45 *(18%)*
Cost savings through reductions in the non-staff costs of administrative services	5	3	1	3	4	4	20 *(8%)*
Cost savings through reductions in the costs of procured goods and services	12	3	1	6	11	4	37 *(15%)*
Improvements in the quality of services	9	6	4	4	12	7	42 *(17%)*
Improvements in the speed and responsiveness of services	8	6	3	4	8	6	35 *(14%)*
Increase in collaboration and coordination across entities within a United Nations country team	12	9	7	8	10	10	56 *(22%)*
Other improvements achieved	3	3	2	1	4	2	15 *(6%)*
Total	63 *(25%)*	34 *(13%)*	23 *(9%)*	33 *(13%)*	59 *(23%)*	42 *(17%)*	254 *(100%)*

Cost savings mainly from procured goods and services. Some also from reductions in non-staff costs.
Efficiency gains have rarely translated into reductions in the number of administrative personnel.

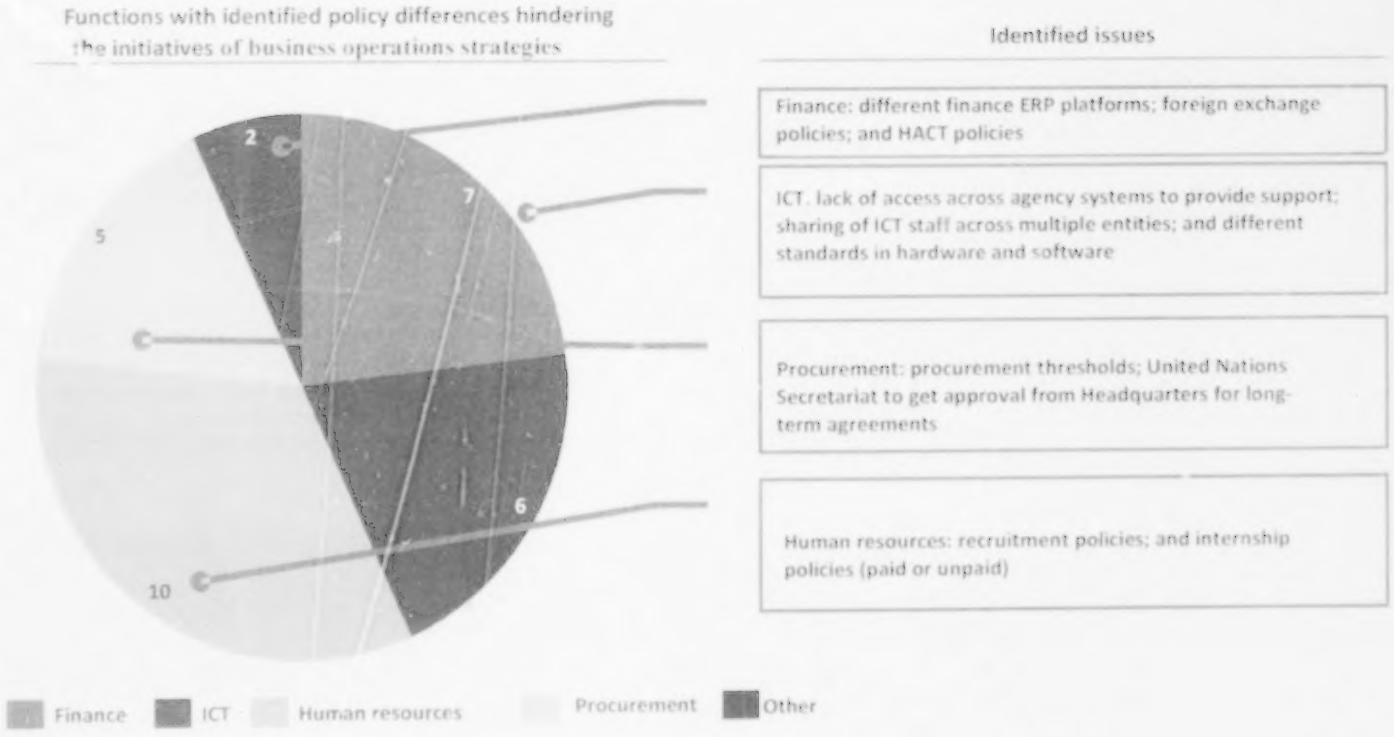
Note, however, that only a few countries were able to quantify the savings achieved (or planned).

Improvements in services and increased collaboration are cited in many cases.

Procurement, ICT and facilities and general administrative duties show the greatest number of achievements, while noting that cash savings, even in non-procurement functions, mainly come from the costs of procured goods and services.

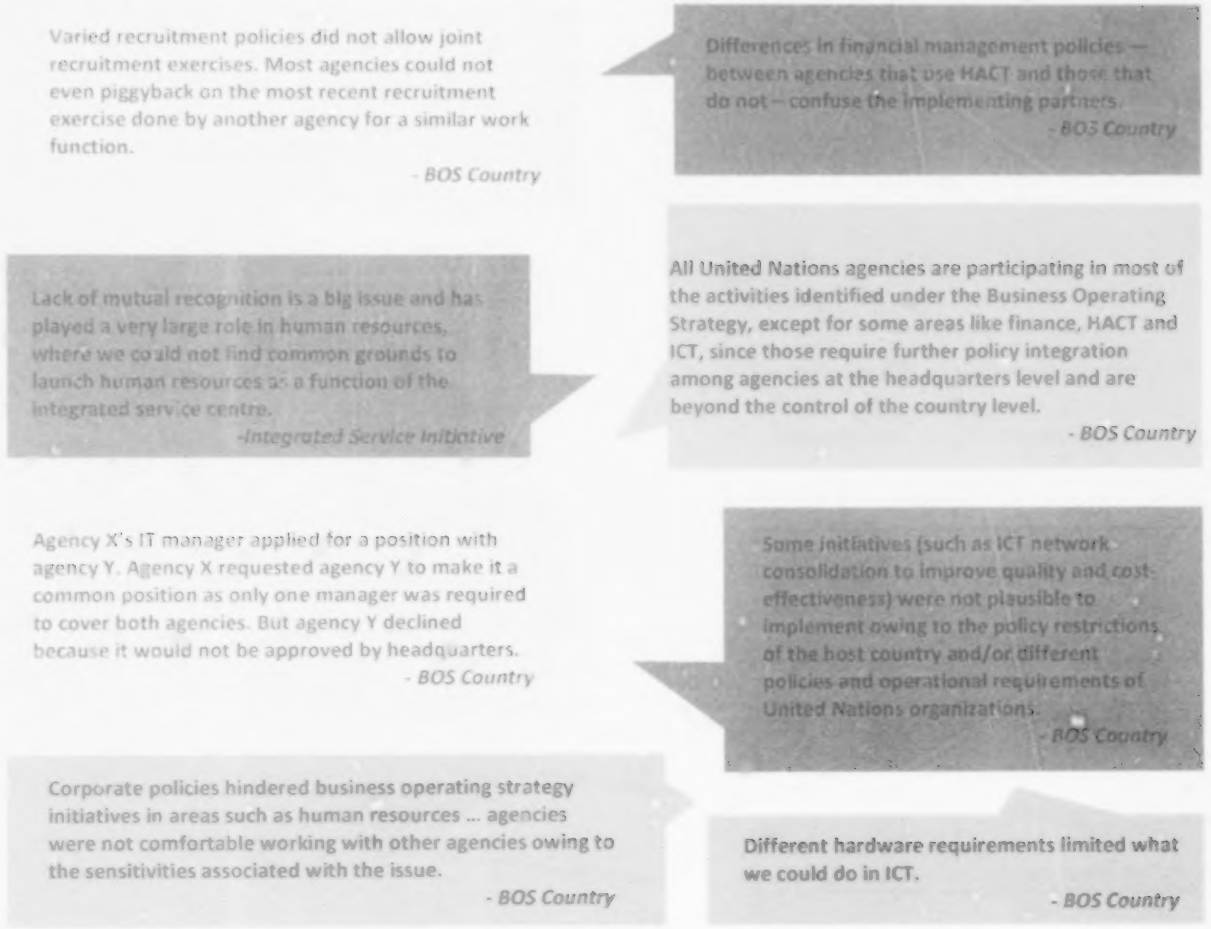
Source: Responses to the JIU questionnaire.

Figure VII Policy differences hindering the initiatives of business operations strategies (numbers indicate number of respondents to the survey)


Functions with identified policy differences hindering the initiatives of business operations strategies
Identified issues
2
7
5
4
1
6
10
Finance: different finance ERP platforms; foreign exchange policies; and HACT policies
ICT: lack of access across agency systems to provide support; sharing of ICT staff across multiple entities; and different standards in hardware and software
Procurement: procurement thresholds; United Nations Secretariat to get approval from Headquarters for long-term agreements
Human resources: recruitment policies; and internship policies (paid or unpaid)
Finance
ICT
Human resources
Procurement
Other

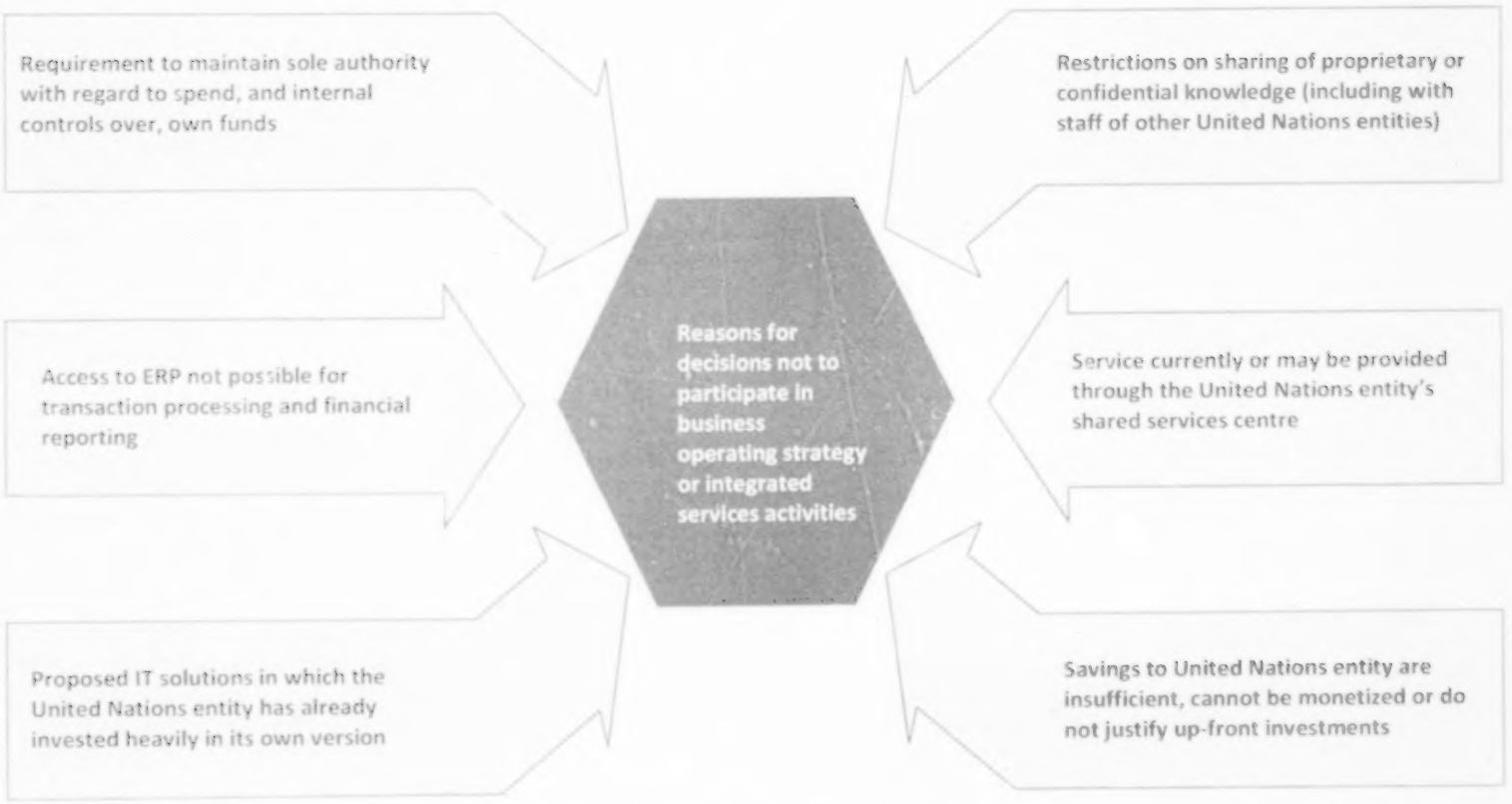
Source: Responses to the IMI questionnaire

Figure VIII The effects of policy and other constraints as seen at the country level


Varied recruitment policies did not allow joint recruitment exercises. Most agencies could not even piggyback on the most recent recruitment exercise done by another agency for a similar work function.
- BOS Country
Differences in financial management policies — between agencies that use HACT and those that do not — confuse the implementing partners.
- BOS Country
Lack of mutual recognition is a big issue and has played a very large role in human resources, where we could not find common grounds to launch human resources as a function of the integrated service centre.
-Integrated Service Initiative
All United Nations agencies are participating in most of the activities identified under the Business Operating Strategy, except for some areas like finance, HACT and ICT, since those require further policy integration among agencies at the headquarters level and are beyond the control of the country level.
- BOS Country
Agency X's IT manager applied for a position with agency Y. Agency X requested agency Y to make it a common position as only one manager was required to cover both agencies. But agency Y declined because it would not be approved by headquarters.
- BOS Country
Some initiatives (such as ICT network consolidation to improve quality and cost-effectiveness) were not plausible to implement owing to the policy restrictions of the host country and/or different policies and operational requirements of United Nations organizations.
- BOS Country
Corporate policies hindered business operating strategy initiatives in areas such as human resources ... agencies were not comfortable working with other agencies owing to the sensitivities associated with the issue.
- BOS Country
Different hardware requirements limited what we could do in ICT.
- BOS Country

Source: Interviews with integrated services initiatives and BOS countries and responses to the JIU questionnaire.

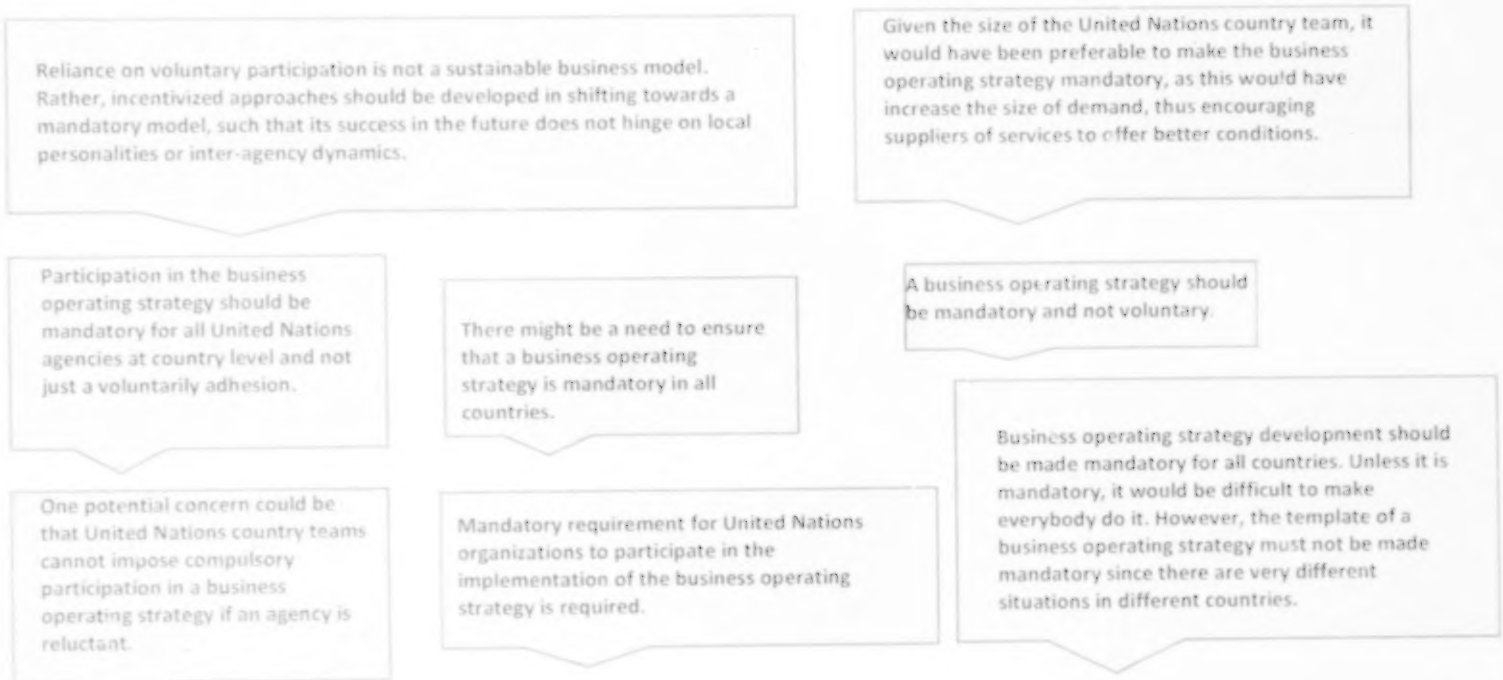
Figure IX Reasons for not participating


Requirement to maintain sole authority with regard to spend, and internal controls over, own funds
Restrictions on sharing of proprietary or confidential knowledge (including with staff of other United Nations entities)
Reasons for decisions not to participate in business operating strategy or integrated services activities
Access to ERP not possible for transaction processing and financial reporting
Service currently or may be provided through the United Nations entity's shared services centre
Proposed IT solutions in which the United Nations entity has already invested heavily in its own version
Savings to United Nations entity are insufficient, cannot be monetized or do not justify up-front investments

Note that the factors listed here are largely similar to those listed in the UNICEF Guidance Note on BOS of 29 April 2016, but it is evident from the interviews and surveys that similar factors influence decisions to participate by all United Nations entities.

Source: Interviews with integrated services initiatives and BOS countries; responses to the JIU questionnaire; and UNICEF Guidance Note on BOS.

Figure X Country-level views on voluntary participation in business operations strategies


Reliance on voluntary participation is not a sustainable business model. Rather, incentivized approaches should be developed in shifting towards a mandatory model, such that its success in the future does not hinge on local personalities or inter-agency dynamics.
Given the size of the United Nations country team, it would have been preferable to make the business operating strategy mandatory, as this would have increase the size of demand, thus encouraging suppliers of services to offer better conditions.
Participation in the business operating strategy should be mandatory for all United Nations agencies at country level and not just a voluntarily adhesion.
There might be a need to ensure that a business operating strategy is mandatory in all countries.
A business operating strategy should be mandatory and not voluntary.
One potential concern could be that United Nations country teams cannot impose compulsory participation in a business operating strategy if an agency is reluctant.
Mandatory requirement for United Nations organizations to participate in the implementation of the business operating strategy is required.
Business operating strategy development should be made mandatory for all countries. Unless it is mandatory, it would be difficult to make everybody do it. However, the template of a business operating strategy must not be made mandatory since there are very different situations in different countries.

Source: Responses to the BU questionnaire

Figure XI Other lessons learned from business operations strategies

		Number of responses
Increasing the value gained from business operating strategies		
Mandatory	• Mandatory participation in a business operating strategy would help the country teams achieve even greater savings through avoidable staff costs and greater negotiating power in procurement	8
Harmonized/mutually recognized agency rules	• Harmonization of agency rules (e.g., human resources, ICT) at the headquarters level/mutually recognized rules at the country level is one of the most prominent enablers of collaboration at the country level	7
Incentives	• Re-investment of savings through a business operating strategy into the country would be a positive boost for country teams to collaborate	2
Common premises	• Large portion of business operating strategy savings come from common services provided in/for the common premises	3
Decreasing the costs of preparing business operating strategies		
Guidance and trainings	• More guidance and training provided to the country teams on business operating strategies would ensure higher quality plans that would result in better outcomes	5
Automated reporting mechanism	• A business operating strategy is a very data-dependent framework and data collection is a time-consuming process. A common centralized online tool for planning, data gathering and reporting would enable better tracking of performance	6
Simplified framework	• A simplified business operating strategy framework would reduce the total time spent on creating such a strategy and ensure a concise document focusing on a few key impact points	2

Source: Responses to the BOI questionnaire and interviews.

Figure XII Decision framework: subfunctions that could be suitable for outsourcing

Questions for consideration at each "fork"

1

- Has the process been outsourced by a United Nations entity before?

2

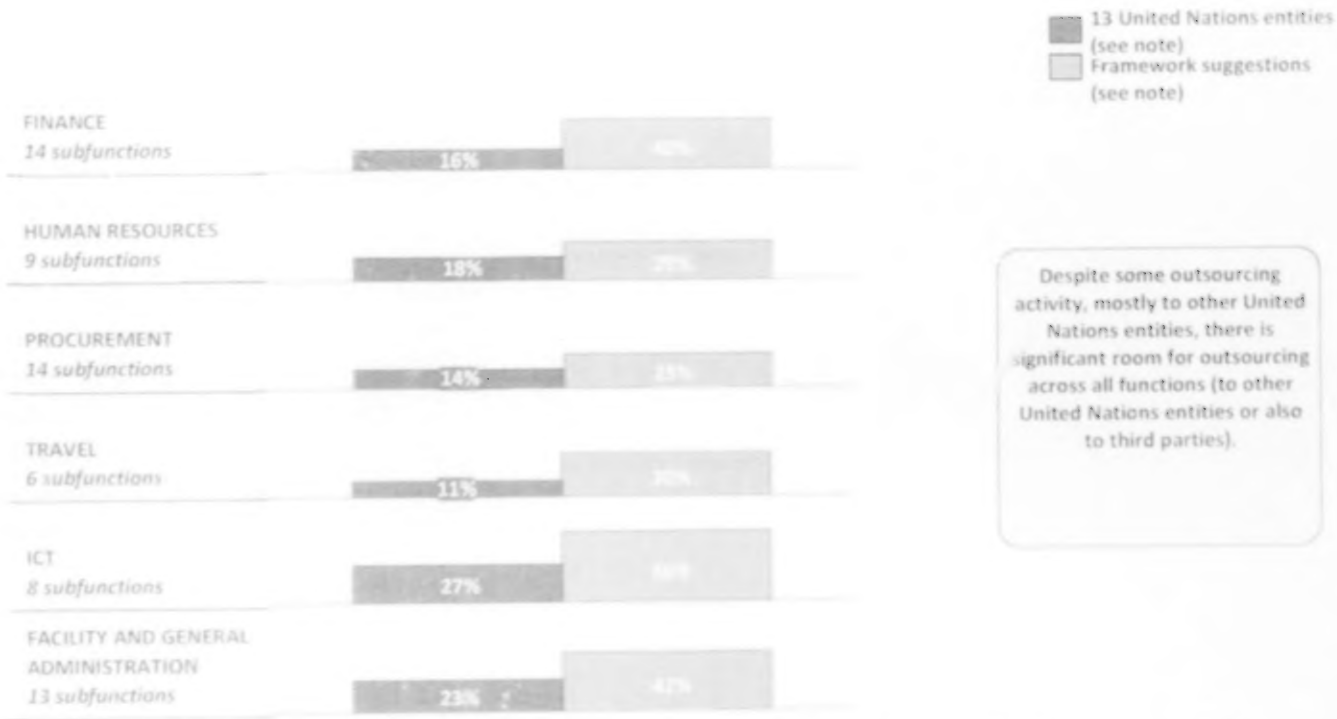
- Is the process linked to strategic planning or critical to programme delivery?

3

- Does the process create significant operational risk (e.g., data security risk, inability to link to other processes)?
- Does the process create significant transitional risk (e.g., inability to manage exceptional cases, inability to manage service levels)?
- Can outsourcing of the process create security risk for the entity?

Source: Literature review

Figure XIII Share of outsourced administrative subfunctions compared with framework suggestions



Note: 13 United Nations entities responded to the mapping request: FAO, ILO, OHCHR, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNIDO, UNOPS, UN-Women, WFP and WHO. Of these, five entities have shared services centres: FAO, UNDP, UNICEF, UNOPS and WHO. Note that when an agency marked multiple options for the level of a given subfunction, fractions of a point were allocated to each selected level.

Note: Framework suggestion numbers are calculated by making the assumption that 50 per cent of the subfunctions in groups 1, 5 and 6 are outsourced. The assumption is based on the expectation that some cost-benefit analyses would reject outsourcing, and also that some entities would only outsource part of some subfunctions.

Source: Analysis of responses to the JIU questionnaire.

Annex II

Overview of actions to be taken by participating organizations on the recommendations of JIU
JIU/REP/2018/5

		Intended impact		United Nations, its funds and programmes															Specialized agencies and IAEA											
			CEB	United Nations*	UNAIDS	UNCTAD	ITC	UNDP	UNEP	UNFPA	UN-Habitat	UNHCR	UNICEF	UNODC	UNOPS	UNRWA	UN-Women	WFP	FAO	IAEA	ICAO	ILO	IMO	ITU	UNESCO	UNIDO	UNWTO	UPU	WHO	WIPO	WMO
Report	For action		☐	☒	☒	☐	☐	☒	☒	☒	☒	☒	☒	☒	☒	☐	☒	☒	☒	☐	☐	☒	☐	☐	☒	☒	☐	☐	☒	☐	☐
	For information		☒	☐	☐	☒	☒	☐	☐	☐	☐	☐	☐	☐	☐	☒	☐	☐	☐	☒	☒	☐	☒	☒	☐	☐	☒	☒	☐	☒	☒
Recommendation 1		a		E	E			E	E	E	E	E	E	E	E		E	E	E			E			E	E			E		
Recommendation 2		a		L	L			L	L	L	L	L	L	L	L		L	L	L			L			L	L			L		
Recommendation 3		c, h		L																											
Recommendation 4		c, h		E				E		E			E					E													
Recommendation 5		c, h		E				E		E		E	E					E													
Recommendation 6		f, h		E	E			E	E	E	E	E	E	E	E		E	E	E			E			E	E			E		
Recommendation 7		a, c, h		E	E			E	E	E	E	E	E	E	E		E	E	E			E			E	E			E		
Recommendation 8		c		E											E																
Recommendation 9		c	E	E																											
Recommendation 10		g, h		E				E				E	E		E			E	E										E		

Legend: L: Recommendation for decision by legislative organ **E:** Recommendation for action by executive head ■: Recommendation does not require action by this organization
Intended impact: **a:** enhanced transparency and accountability **b:** dissemination of good/best practices **c:** enhanced coordination and cooperation **d:** strengthened coherence and harmonization **e:** enhanced control and compliance **f:** enhanced effectiveness **g:** significant financial savings **h:** enhanced efficiency **i:** other.

* As listed in ST/SGB/2015/3